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SHOTSPOTTER, INC. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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**As filed with the U.S. Securities and Exchange Commission on May 2, 2017.**

**Registration Statement No. 333-**

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

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

# SHOTSPOTTER, INC.
(Exact name of registrant as specified in its charter)

| **Delaware** | **7372** | **47-0949915** |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

**7979 Gateway Blvd., Suite 210**
**Newark, California 94560**
**(510) 794-3100**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Ralph A. Clark**
**President and Chief Executive Officer**
**ShotSpotter, Inc.**
**7979 Gateway Blvd., Suite 210**
**Newark, California 94560**
**(510) 794-3100**
(Name, address, including zip code, and telephone number, including area code, of agent for service)

**Copies to:**

| **Jodie M. Bourdet**<br>**Robert W. Phillips**<br>**Cooley LLP**<br>**101 California Street, 5th Floor**<br>**San Francisco, California 94111**<br>**(415) 693-2000** | **Ralph A. Clark**<br>**ShotSpotter, Inc.**<br>**7979 Gateway Blvd., Suite 210**<br>**Newark, California 94560**<br>**(510) 794-3100** | **David E. Danovitch**<br>**Nakia Elliott**<br>**Robinson Brog Leinwand Greene Genovese & Gluck P.C.**<br>**875 Third Avenue, Ninth Floor**<br>**New York, New York 10022**<br>**(212) 603-6300** |
|---|---|---|

**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, 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 Exchange Act.

| Large accelerated filer ☐ | Accelerated filer ☐ | Non-accelerated filer ☒ | Smaller reporting company ☐<br>Emerging growth company ☒ |
|---|---|---|---|

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

**CALCULATION OF REGISTRATION FEE**

| Title of Securities Being Registered | Proposed Maximum Aggregate Offering Price(1)(2) | Amount of Registration Fee |
|---|---|---|
| Common Stock, $0.005 par value per share(3) | $34,500,000 | $3,998.55 |

(1) In accordance with Rule 457(o) under the Securities Act of 1933, as amended, the number of shares being registered and the proposed maximum offering price per share are not included in this table.

(2) Estimated solely for purposes of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. Includes the offering price of additional shares that the underwriters have the option to purchase to cover over-allotments, if any.

(3) Pursuant to Rule 416 under the Securities Act, the shares registered hereby also include an indeterminate number of additional shares as may from time to time become issuable by reason of share splits, share dividends, recapitalizations or other similar transactions.

**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 that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement related to these securities filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell or a solicitation of an offer to buy these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.**

**PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED MAY 2, 2017**

**Shares**


**Common Stock**

We are offering shares of our common stock. This is our initial public offering and no public market currently exists for our common stock. The initial public offering price of our common stock is expected to be between $ and $ per share. We have applied to list our common stock on the NASDAQ Capital Market under the symbol "SSTI."

We are an "emerging growth company" as the term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings. See "Prospectus Summary – Implications of Being an Emerging Growth Company."

**Investing in our common stock involves risks. See "Risk Factors" beginning on page 14 of this prospectus for a discussion of the risks that you should consider in connection with an investment in our securities.**

| | Per Share | Total |
|---|---|---|
| Initial public offering price | $ | $ |
| Underwriting discounts and commissions(1) | $ | $ |

(1) We have also agreed to issue to Roth Capital Partners, LLC a warrant to purchase up to shares of our common stock, which equates to % of the number of shares of our common stock to be issued and sold in this offering. See "Underwriting" beginning on page 129 for additional information regarding this warrant and underwriting compensation generally.

We have granted the underwriters an option to buy up to an additional shares of common stock to cover over-allotments, if any. The underwriters may exercise this option at any time during the 30-day period from the date of this prospectus.

The underwriters expect to deliver the shares of common stock to purchasers on or about , 2017.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

*Sole Book-Running Manager*

**Roth Capital Partners**

*Co-Lead Manager*

**Northland Capital Markets**

*Co-Manager*

**Imperial Capital**

The date of this prospectus is , 2017.

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

For investors outside the United States: We and the underwriters have not done anything that would permit this offering, or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

On December 30, 2016, we effected a one-for-17 reverse stock split. Upon effectiveness of the reverse stock split, every 17 shares of our outstanding common stock were combined into one share of common stock. Except as otherwise noted, the reverse split was retroactively applied to all shares and per share information for all periods presented throughout this prospectus.

## PROSPECTUS SUMMARY

*This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes and the information set forth under the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included in this prospectus. Unless the context otherwise requires, we use the terms "ShotSpotter," "SST," "company," "our," "us," and "we" in this prospectus to refer to ShotSpotter, Inc. and, where appropriate, our consolidated subsidiary.*

### ShotSpotter, Inc.

**Overview**

We are the leader in gunshot detection solutions that help law enforcement officials and security personnel identify, locate and deter gun violence. We offer our software solutions on a SaaS-based subscription model to customers around the world, with current customers located in the United States, Puerto Rico, the U.S. Virgin Islands and South Africa. Our public safety solution, ShotSpotter Flex, is deployed in urban, high-crime areas to help deter gun violence by accurately detecting and locating gunshots and sending near real-time alerts to law enforcement. Our security solutions, SST SecureCampus and ShotSpotter SiteSecure, are designed to help law enforcement and security personnel serving universities, corporate campuses and key infrastructure and transportation centers mitigate risk and enhance security by notifying authorities and first responders of an active-shooter event almost immediately. The speed and accuracy of our solutions enable rapid response by law enforcement and security personnel, increase the chances of apprehending the shooter, aid in evidentiary collection and serve as an overall deterrent.

Our solutions consist of our highly-specialized, cloud-based software integrated with our proprietary, internet-enabled sensors and communication networks. When a potential gunfire incident is detected by our sensors, our software analyzes and validates the data and precisely locates where the incident occurred. An alert containing a location on a map and critical information about the incident is transmitted directly to law enforcement or security personnel through any internet-connected computer and to iPhone® or Android mobile devices.

For gunshots occurring outdoors, our software transmits the validated sensor data along with a recorded digital file of the triggering sound to our Incident Review Center, or IRC, where our trained acoustic experts are on duty 24 hours a day, seven days a week, 365 days a year to screen and confirm actual gunfire incidents. Our acoustic experts can supplement alerts with additional tactical information, such as the potential presence of multiple shooters or the use of high-capacity weapons. For outdoor gunshot incidents reviewed by our IRC, alerts are typically sent within 45 seconds of the gunfire incident. For gunshots occurring indoors, our solutions are designed to automatically alert security personnel within ten seconds.

We generate annual subscription revenues from the deployment of our public safety solution on a per-square-mile basis. As of March 31, 2017, we had 74 public safety customers with coverage areas of approximately 450 square miles in 89 cities and municipalities across the United States, including four of the ten largest cities. We also sell two security solutions, SST SecureCampus and ShotSpotter SiteSecure, which are typically sold on a subscription basis, each with a customized deployment plan. As of March 31, 2017, we had six security customers covering seven higher-education campuses, of which five had their solutions deployed.

Our mission is to help prevent and reduce the societal costs of gun violence, thereby creating safer and more vibrant communities. We are committed to developing comprehensive, respectful and engaged partnerships with law enforcement agencies, elected officials and communities focused on making a positive difference in our society.

**The Problem of Gun Violence**

According to the Federal Bureau of Investigation, or the FBI, an estimated 1.2 million violent crimes occurred in the United States in 2015. Of those violent crimes, it is estimated that guns were used in approximately 330,000 incidents, including 71.5% of murders, 40.8% of robberies and 24.2% of aggravated assaults. A March 2016 report published by The American Journal of Medicine stated that the gun homicide rate in the United States is more than 25 times the average of other high-income countries.

The majority of urban gunfire goes unreported. A report published by the Brookings Institute analyzing data collected from our public safety solution and our customers suggests that approximately 90% of the gunshots detected by our public safety solution are not reported to 911 by residents. Even in the instances when 911 calls are made, the information reported by the caller is often delayed and incomplete as to the time and location of the gunshot. When gunfire is not reported or is inaccurately reported, law enforcement and medical personnel cannot address injuries nor effectively investigate and solve related crimes or prevent future incidents.

In addition to the problem of localized, persistent gun violence, over the past several years there has been an increasing number of high-profile mass shootings and terror events. According to a 2016 report by the FBI, the number of active-shooter events in the United States in 2014 and 2015 was among the highest for any two-year average period in the preceding 16 years and nearly six times as many as the period between 2000 and 2001, the first two years that the FBI began tracking active-shooter events.

In addition, according to a study by Everytown Research, there have been over 200 school shootings in the United States since 2013, with 47% of such shootings occurring on a college or university campus between 2013 and 2015. In 2015, there were 64 school shooting incidents, an increase of 71% since 2013. School shootings from 2013 through 2015 resulted in 59 deaths and 124 non-fatal gunshot injuries. Moreover, the Census of Fatal Occupational Injuries report published in 2016 by the Bureau of Labor Statistics showed that in 2015, a total of 417 workplace homicides took place, of which 354, or 83.9%, involved the use of a gun. Of these 354 homicides, 294 took place in private sector workplaces.

Unlike gunfire incidents occurring in high-crime areas, active-shooter events often result in a high volume of telephone reports to 911. However, each caller may provide inaccurate, untimely or incomplete information, causing confusion or delays in first responders' ability to react quickly and accurately. Response time is critical as nearly 70% of active-shooter events last five minutes or less with over one third ending in two minutes or less according to an FBI study of active-shooter events.

**Market**

We believe there is significant demand for advanced gunfire detection and location notification solutions that accurately and quickly report instances of gunfire occurring both outdoors and indoors, based on two primary use cases:

- public safety — for domestic and international law enforcement serving communities plagued by persistent, localized gun violence, in order to identify, locate and deter gun violence; and

- security — for law enforcement and security personnel serving universities, corporate campuses, key infrastructure and transportation centers and other areas in which authorities desire to prepare for and mitigate risks related to an active-shooter event.

Based on data from the 2015 FBI Uniform Crime Report, we estimate that the domestic market for our public safety solution consists of the approximately 1,400 cities that had four or more homicides per 100,000 residents in 2015. We estimate that a customer in this market could invest an average of approximately $400,000 per year for our public safety solution.

Outside of the United States, we estimate that the market for our public safety solution includes approximately 200 cities in the European Union, Central America, the Caribbean, South America and southern Africa that have at least 500,000 residents. We estimate that a customer in this market could invest an average of approximately $750,000 per year for our public safety solution.

Based on data made available by the National Center for Education Statistics and the Federal Aviation Administration, we believe that the domestic market for our security solutions includes approximately 5,000 college campuses, train stations and airports. We estimate that, on average, a customer in this market could invest approximately $100,000 per year for one of our security solutions. In addition, we believe that there exists a broader market for our security solutions that includes college campuses and airports outside of the United States as well as large corporate campuses, train stations and other highly-trafficked areas worldwide.

**The ShotSpotter Solutions**

Our solutions consist of our highly-specialized, cloud-based software integrated with our proprietary, internet-enabled sensors and connected through third-party communication networks. We brand our solutions based on particular use cases and target customers as follows:

- **ShotSpotter Flex.** ShotSpotter Flex, our outdoor public safety solution, serves cities and municipalities seeking to identify, locate and deter persistent, localized gun violence by incorporating a real-time gunshot detection system into their policing systems.

- **SST SecureCampus.** SST SecureCampus integrates our indoor and outdoor solutions in order to help the law enforcement and security personnel serving universities, colleges and other educational institutions mitigate risk and enhance security by notifying authorities and first responders of an active-shooter event almost immediately.

- **ShotSpotter SiteSecure.** ShotSpotter SiteSecure integrates our indoor and outdoor solutions for customers, such as corporations trying to safeguard their facilities and public agencies focused on protecting critical infrastructure, including train stations and airports.

When a potential gunfire incident is detected by our sensors, our software uses quantitative computational analysis and artificial intelligence methods to precisely locate and classify the sound. A digital alert containing map and location information about the incident is transmitted directly to law enforcement or security personnel through any computer or to iPhone® or Android mobile devices.

For gunshots occurring outdoors, our software transmits validated sensor data along with a recorded digital file of the triggering sound to our IRC, where our trained acoustic experts are on hand 24 hours a day, seven days a week, 365 days a year to screen and confirm actual gunfire incidents. Our acoustic experts can supplement alerts with additional tactical information, such as the potential presence of multiple shooters or the use of high-capacity weapons. For outdoor gunshot incidents reviewed by our IRC, alerts are typically sent within 45 seconds of the gunfire incident. For gunshots

occurring indoors, our solutions are designed to automatically alert security personnel within ten seconds.

The key features of our solutions are:

- ***Comprehensive Coverage.*** We believe that we sell the only public safety solution that provides comprehensive outdoor coverage for gunshot detection over large and complex geographies. Our rugged outdoor acoustic sensors are strategically placed in an array of 15-20 sensors per square mile and can easily be expanded to cover any size area. In addition to providing acoustic surveillance over wide areas, our solutions operate on a continuous basis – 24 hours a day, seven days a week, 365 days a year – to provide immediate notification of gunfire at any time of day.

- ***Real-Time, Precise Alerts.*** Our solutions typically notify users within seconds of a gunshot, providing data on the time and location of the shooting and the number of shots fired. An alert is sent depicting a dot on a map that corresponds to a specific address or latitudinal and longitudinal coordinates (in the case of outdoor gunshots) or a floor plan (in the case of indoor gunshots). In addition, when shots are fired outside, our alerts provide valuable additional information about the scene of the incident, such as the potential presence of multiple shooters or the use of fully automatic and high-capacity weapons. This enhanced tactical awareness can help protect first responders in dangerous and unpredictable situations.

- ***Forensically-Sound Data.*** Because our solutions provide an exact time, location and audio recording of a gunshot, we are able to provide authorities with critical evidence for investigations and prosecutions. We also offer expert testimony and technical expertise regarding events and our solutions.

- ***Annual Subscription to a Cloud-Based Solution.*** We provide our solutions as an annual subscription-based service, in which we design, deploy, own, manage and maintain the acoustic sensors, host the software and gunshot data and operate our IRC with trained acoustic experts.

The key benefits provided by these features include:

- ***Expedited Response to Gunfire.*** In 2016, we issued more than 80,000 gunshot alerts to our customers. Our solutions typically alert emergency dispatch centers and field personnel within 45 seconds of confirmed gunfire and provide an exact location, enabling them to respond faster and to a specific location. In the case of shots fired outdoors, our solutions provide additional information, such as the potential presence of multiple shooters or the use of automatic or high-capacity weapons. Such information is intended to enhance the responders' tactical awareness and increase their safety. The ability to respond more quickly increases the chances of apprehending the shooter and assisting victims of violence, in addition to aiding in evidentiary collection.

- ***Prevention and Deterrence of Gun Violence.*** We believe increasing the speed and accuracy of law enforcement responses to gunfire can act as a long-term deterrent that can decrease the overall prevalence of gunfire. When elected officials and law enforcement have an enhanced awareness of gun violence activity and patterns, they have tools to facilitate a rapid response time to gunfire incidents and improve relations between law enforcement and these communities, potentially increasing crime reporting and community cooperation with investigations, which can result in greater apprehension of perpetrators and deterrence.

- ***Improved Community Relations and Collaboration.*** We believe that persistent gun violence limits the ability of police and other community leaders to serve their constituents and improve their communities. Our public safety solution provides cities with the ability to react quickly to gun violence, thus providing the ability to improve their responses and residents' perception of their responses. This provides our customers with the opportunity to foster improved community relations and collaboration with their residents.

- ***No Need to Buy and Maintain a Complex Technology Infrastructure.*** By delivering our solution as a cloud- and subscription-based service, our customers do not need to design, install or maintain their own complex infrastructure or hire or train acoustic experts to continuously manage such a solution.

- ***Integration Capability.*** We can customize the integration of our solutions with existing customer systems, including video management systems, computer-aided dispatch, records management systems, video analytics, automated license plate number readers, camera management systems, crime analysis and statistics packages (including COMPSTAT software), and common operating picture software.

- ***Gun Violence Data Collection.*** We believe that we have amassed the world's largest and most accurate collection of urban gunshot data. We provide our public safety customers with detailed gun crime pattern analysis for their coverage areas as well as access to additional data that can assist them with further analytics. This increased awareness can help our customers create policy, allocate appropriate resources and help to address pervasive problems in high gun-activity areas.

**Our Strategy**

We intend to drive growth in our business by continuing to build on our position as a leading provider of gunshot detection solutions. Key elements of our strategy include:

- ***Accelerate Our Acquisition of Public Safety Customers.*** We believe that we are in the early stages of penetrating the markets for our public safety solution. We count law enforcement agencies in four of the ten largest U.S. cities among our public safety solution customers, with three of them added within the last three years. We intend to expand our direct sales force and expend additional resources on our marketing efforts to accelerate growth in this market.

- ***Further Penetrate Our Existing Customer Base.*** As customers realize the benefits of our solutions, we believe that we have a significant opportunity to increase the lifetime value of our customer relationships by expanding coverage within their communities. For example, of our 74 ShotSpotter Flex customers as of March 31, 2017, more than 39% have expanded their coverage areas from their original deployment areas by an average of seven square miles, and our net revenue retention rate has been over 110% for each of 2016, 2015 and 2014.

- ***Grow Our Security Business.*** With the introduction of our indoor sensor in 2014, we expanded the market and use cases for our solution with our SST SecureCampus solution for universities and other educational institutions and our ShotSpotter SiteSecure for indoor and outdoor facilities and critical indoor/outdoor infrastructure, including train stations and airports. With more than 5,000 target customers in the United States, we believe that these markets represent a large opportunity for us.

- ***Expand Our International Footprint.*** With only one current ShotSpotter Flex customer outside of the United States, we believe that we have a significant opportunity to expand

internationally for both our public safety and security solutions. We intend to invest in our international sales and marketing efforts to reach these customers.

- ***Integrate with New Technologies that Enhance our Value.*** We believe that integrating our solutions with other tools and technologies enhances the value of our solutions to our customers. For example, our solutions can be used in connection with computer-aided dispatch systems, video surveillance cameras, National Integrated Ballistic Information Network (NIBIN) and automated license plate readers used by law enforcement to improve the effectiveness of police response and investigation efforts. We continue to evaluate new technologies that may integrate with our solutions to generate additional value for our customers.

- ***Partner with "Smart Cities" Initiatives Providers.*** We believe that there is a significant opportunity to partner with providers of "Smart Cities" initiatives. For example, we have partnered with General Electric to incorporate our solutions into intelligent street lights in areas that might not otherwise be covered by our solutions. By incorporating our solutions into these initiatives, we can increase our customer base by reaching potential customers who might not otherwise purchase our standalone solutions and by expanding our footprint with existing customers, and we can deploy our solutions at a reduced cost to us.

- ***Passionate Focus on Customer Success.*** Given the specialized nature of our market, a key component of our strategy is to maintain our passionate focus on customer success. We pride ourselves on our execution in customer on-boarding as well as ongoing consulting and customer support, all of which are critical to ensure not only high customer retention rates but new customer acquisitions.

- ***Maintain Our Leadership Profile in Gun Violence Prevention.*** We will continue to invest in improving our solutions in order to maintain our technology leadership position. In addition, we intend to leverage our extensive collection of gunfire data to better understand the facts, trends and circumstances surrounding gunfire activity in order to maintain our reputation as gun violence experts.

- ***Opportunistically Pursue Acquisitions.*** We may selectively pursue acquisitions of complementary businesses, technologies, and teams that would allow us to further penetrate new markets and add features and functionalities to our solutions.

**Risks Affecting Our Business**

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. These risks include, among others, the following:

- our success depends on maintaining and increasing our sales, which depends on factors we cannot control, including the availability of funding to our customers;

- contracting with government entities can be complex, expensive and time-consuming;

- if we are unable to maintain and expand coverage of our existing public safety customer accounts and further penetrate the public safety market, our revenues may not grow;

- if we are unable to sell our solutions into new markets, our revenues may not grow;

- our sales cycle can be lengthy, time-consuming and costly, and our inability to successfully complete sales could harm our business;

- changes in the availability of federal funding to support local law enforcement efforts could impact our business;
- if our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business prospects would suffer;
- our business is dependent upon our ability to deploy and deliver our solutions, and the failure to meet our customers' expectations could harm our reputation, which may have a material adverse effect on our business, operating results and financial condition;
- real or perceived false positive gunshot alerts or failure or perceived failure to generate alerts for actual gunfire could adversely affect our customers and their operations, damage our brand and reputation and adversely affect our growth prospects and results of operations;
- we have not been profitable historically and may not achieve or maintain profitability in the future;
- we may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects;
- the nature of our business exposes us to inherent liability risks;
- the nature of our business may result in undesirable press coverage or other negative publicity;
- failure to protect our intellectual property rights could adversely affect our business; and
- following the offering, our executive officers, directors and current holders of 5% or more of our capital stock, together with their affiliates, will continue to own approximately % of our outstanding stock and will be able to exert significant control over matters subject to stockholder approval.

**Corporate Information**

We were formed as ShotSpotter, Inc., a California corporation, in 2001 and reincorporated as ShotSpotter, Inc., a Delaware corporation, in 2004. We run our operations through ShotSpotter, Inc. as well as through ShotSpotter (Pty) Ltd., our wholly-owned subsidiary based in South Africa. We also do business as "SST" pursuant to a registered trade name.

Our principal executive offices are located at 7979 Gateway Boulevard, Suite 210, Newark, California 94560 and our telephone number is (510) 794-3100. Our website address is www.shotspotter.com. The information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase our common stock.

ShotSpotter, SST, the ShotSpotter logo and other trade names, trademarks or service marks of ShotSpotter appearing in this prospectus are the property of ShotSpotter, Inc. trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders.

**Implications of Being an Emerging Growth Company**

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include:

- a requirement to have only two years of audited financial statements and only two years of related selected financial data and management's discussion and analysis of financial condition and results of operations disclosure;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- an exemption from new or revised financial accounting standards until they would apply to private companies and from compliance with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation;
- reduced disclosure about the emerging growth company's executive compensation arrangements; and
- no requirement to seek nonbinding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of some or all of these provisions until we are no longer an emerging growth company. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenues of at least $1.07 billion, or (c) in which we are deemed to be a "large accelerated filer" under the rules of the U.S. Securities and Exchange Commission, or SEC, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

We have elected to adopt certain of the reduced disclosure requirements available to emerging growth companies. As a result of these elections, the information that we provide in this prospectus may be different than the information you may receive from other public companies in which you hold equity interests. In addition, it is possible that some investors will find our common stock less attractive as a result of these elections, 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 |
| Total common stock to be outstanding after this offering | shares |
| Over-allotment option | shares |
| Use of proceeds | We estimate that we will receive net proceeds of approximately $ million, assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The principal purposes of this offering are to increase our financial flexibility, create a public market for our common stock, and facilitate our future access to the capital markets. We expect to use the net proceeds of this offering for working capital and other general corporate purposes. In addition, we may use a portion of the net proceeds to pay all or a portion of the outstanding principal and interest under our debt facility. We may also use a portion of the net proceeds from this offering for acquisitions or strategic investments in complementary businesses or technologies, although we do not currently have any plans for any such acquisitions or investments. These expectations are subject to change. See "Use of Proceeds" for additional information. |
| Risk factors | See "Risk Factors" beginning on page 14 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock. |
| Proposed NASDAQ symbol | "SSTI" |

The number of shares of our common stock that will be outstanding after this offering is based on 6,312,924 shares of common stock outstanding as of March 31, 2017, and excludes as of such date:

- 1,308,248 shares of common stock issuable upon the exercise of outstanding stock options pursuant to our Amended and Restated 2005 Stock Plan, or our 2005 Plan, at a weighted-average exercise price of $1.1834 per share;
- 680,027 shares of common stock issuable upon the exercise of outstanding warrants at a weighted-average exercise price of $4.5527 per share, which warrants, prior to the completion of this offering, are exercisable to purchase shares of our Series B-1 preferred stock;
- 61,363 shares of common stock issuable upon the exercise of a warrant issued in March 2017, or the March 2017 Warrant, at an exercise price of $5.8667 per share, which warrant, prior to completion of this offering, is exercisable to purchase shares of our Series B-1 preferred stock;

- 6,975 shares of common stock issuable upon the exercise of stock options granted after March 31, 2017 under our 2005 Plan at a weighted-average exercise price of $3.06 per share;
- shares of common stock issuable upon exercise of a warrant to be issued to Roth Capital Partner, LLC in connection with this offering, which will have an exercise price equal to 120% of the price per share at which the shares offered hereby are sold;
- shares of common stock to be reserved for future issuance under our 2017 Equity Incentive Plan, or our 2017 Plan, which will become effective upon the execution of the underwriting agreement related to this offering, including (i) an aggregate of shares of common stock reserved for issuance under our 2005 Plan at the time that our 2017 Plan becomes effective, which shares will be added to the shares reserved under the 2017 Plan, plus (ii) shares that may be added to the 2017 Plan on the expiration, termination, forfeiture, or other reacquisition of any shares of common stock issuable on the exercise of stock options outstanding under the 2005 Plan, plus (iii) any automatic increases in the number of shares of common stock reserved for future issuance under the 2017 Plan;
- shares of common stock to be reserved for issuance under our 2017 Employee Stock Purchase Plan, or our ESPP, which will become effective in connection with this offering, and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year.

Unless otherwise indicated, this prospectus reflects and assumes the following:

- share and per share amounts give effect to a one-for-17 reverse split of our outstanding common stock and preferred stock that was effected on December 30, 2016;
- the filing of our amended and restated certificate of incorporation in Delaware and the adoption of our amended and restated bylaws, each of which will occur upon the completion of this offering;
- the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 4,689,753 shares of common stock immediately prior to the completion of this offering;
- no exercise of options or warrants outstanding or issuable in connection with this offering; and
- no exercise by the underwriters of their over-allotment option to purchase additional shares of our common stock.

**Summary Consolidated Financial Data**

The following summary consolidated financial data should be read together with our consolidated financial statements and related notes, as well as the information found under the sections titled "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

We derived the summary consolidated financial data for the years ended December 31, 2015 and 2016 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the unaudited consolidated financial data as of and for the three months ended March 31, 2017 and 2016 from our unaudited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| | (in thousands, except share and per share data) | | | |
| **Consolidated Statements of Operations Data:** | | | | |
| Revenues | $ 11,791 | $ 15,507 | $ 3,044 | $ 4,562 |
| Cost of revenues(1) | 8,304 | 9,549 | 2,197 | 2,675 |
| | 3,487 | 5,958 | 847 | 1,887 |
| Operating expenses: | | | | |
| Sales and marketing(1) | 3,841 | 4,475 | 1,001 | 1,108 |
| Research and development(1) | 3,359 | 4,093 | 1,148 | 1,034 |
| General and administrative(1) | 1,807 | 2,362 | 548 | 930 |
| Total operating expenses | 9,007 | 10,930 | 2,697 | 3,072 |
| Loss from operations | (5,520) | (4,972) | (1,850) | (1,185) |
| Other expense: | | | | |
| Interest expense, net | (643) | (1,317) | (301) | (365) |
| Remeasurement of convertible preferred stock warrant liability | — | (524) | — | — |
| Other expense, net | (28) | (47) | (8) | (11) |
| Net loss | $ (6,191) | $ (6,860) | $ (2,159) | $ (1,561) |
| Net loss per share: | | | | |
| Basic and diluted | $ (3.99) | $ (4.28) | $ (1.36) | $ (0.93) |
| Weighted average shares used to compute net loss per share: | | | | |
| Basic and diluted | 1,552,780 | 1,602,402 | 1,591,635 | 1,678,326 |
| Pro forma net loss per share (unaudited): | | | | |
| Basic and diluted(2) | | $ (1.01) | | $ (0.25) |
| Pro forma weighted average common shares outstanding (unaudited): | | | | |
| Basic and diluted(2) | | 6,292,155 | | 6,368,079 |

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

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| | (in thousands) | | | |
| Stock-based compensation expense: | | | | |
| Cost of revenues | $ 13 | $ 11 | $ 3 | $ 2 |
| Sales and marketing | 13 | 7 | 2 | 5 |
| Research and development | 32 | 18 | 4 | 7 |
| General and administrative | 79 | 47 | 8 | 9 |
| Total stock-based compensation expense | $ 137 | $ 83 | $ 17 | $ 23 |
| Depreciation and amortization expense: | | | | |
| Cost of revenues | $ 2,125 | $ 2,462 | $ 560 | $ 660 |
| Sales and marketing | 40 | 31 | 11 | 7 |
| Research and development | 53 | 39 | 9 | 7 |
| General and administrative | 46 | 19 | 5 | 5 |
| Total depreciation and amortization expense | $ 2,264 | $ 2,551 | $ 585 | $ 679 |

(2) Pro forma basic and diluted loss per share represents pro forma net loss divided by the pro forma weighted-average common shares outstanding. Pro forma weighted-average shares outstanding reflects the conversion of all outstanding shares of preferred stock into common stock as though the conversion had occurred on the last day of the relevant period. See Note 10 to our consolidated financial statements appearing elsewhere in this prospectus for further details on the calculation of basic and diluted net loss per share attributable to common stockholders.

| | As of March 31, 2017 | | |
|---|---|---|---|
| | Actual | Pro Forma(1) | Pro Forma as Adjusted(2) |
| | | (unaudited) | |
| | | (in thousands) | |
| **Consolidated Balance Sheet Data:** | | | |
| Cash and cash equivalents | $ 2,413 | $ 2,413 | $ |
| Accounts receivable | $ 4,356 | $ 4,356 | $ |
| Deferred revenue, current and non-current | $ 15,463 | $ 15,463 | $ |
| Working capital | $ (10,705) | $ (10,705) | $ |
| Notes payable, current and non-current | $ 13,072 | $ 13,072 | $ |
| Convertible preferred stock warrant liability | $ 1,986 | $ — | $ |
| Total stockholders' deficit | $ 58,752 | $ 14,659 | $ |

(1) Pro forma consolidated balance sheet data reflects the automatic conversion of all outstanding shares of preferred stock into common stock immediately prior to the closing of this offering.

(2) Pro forma as adjusted consolidated balance sheet data reflects the pro forma items described immediately above plus our 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 underwriting discounts and commissions and estimated offering expenses payable by us. Pro forma as adjusted consolidated balance sheet data is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. Each $1.00 increase or 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 or decrease pro forma as adjusted cash, total assets and total stockholders' deficit 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 underwriting discounts and commissions payable by us. We may also increase or decrease the number of shares we are offering. A 1,000,000 share increase or decrease in the number of shares offered by us would increase or decrease pro forma as adjusted cash, total assets and total stockholders' deficit by approximately $ million, assuming that the assumed initial price to public remains the same, and after deducting underwriting discounts and commissions payable by us.

**Key Business Metrics**

We focus primarily on two key business metrics in order to measure our operational performance and inform strategic decisions. The key business metrics presented below are calculated annually using internal data and may be calculated in a manner different than similar metrics used by other companies.

| | Year Ended December 31, | |
|---|---|---|
| | 2015 | 2016 |
| Revenue retention rate(1) | 112% | 127% |
| Sales and marketing spend per $1.00 of new annualized contract revenue(2) | $ 0.37 | $ 0.28 |

(1) *Revenue retention rate.* We calculate our revenue retention rate for a year by dividing the (a) total revenues for such year from those customers who were customers during the corresponding prior year by (b) the total revenues from all customers in the corresponding prior year. For the purposes of calculating our revenue retention rate, we count as customers all entities with which we had contracts in the applicable period. We focus on our revenue retention rate because we believe that this metric provides insight into revenue related to and retention of existing customers. If our revenue retention rate for a year exceeds 100% as it did in the years presented above, this indicates a low churn and means that the revenues retained during the year, including customer expansions, more than offset the revenues that we lost from customers that did not renew their contracts during the year. We measure revenue retention rate on an annual basis.

(2) *Sales and marketing spend per $1.00 of new annualized contract revenue.* We calculate sales and marketing spend as the total sales and marketing expense during a year divided by the first 12 months of contract value for contracts entered into during the same year. We use this metric to measure the efficiency of our sales and marketing operations in acquiring customers, renewing customer contracts and expanding their coverage areas. We measure sales and marketing spend on an annual basis.

## 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 our consolidated financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks is realized, our business, operating results, financial condition and prospects could be materially and adversely affected. In that event, the 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 success depends on maintaining and increasing our sales, which depends on factors we cannot control, including the availability of funding to our customers.***

To date, substantially all of our revenues have been derived from contracts with local governments and their agencies, in particular the police departments of major cities in the United States. To a lesser extent, we also generate revenues from federal agencies, foreign governments and higher education institutions. We believe that the success and growth of our business will continue to depend on our ability to add new police departments and other government agencies as customers of our public safety solution and new universities, corporate campuses and key infrastructure and transportation centers as customers of our security solutions. Many of our target customers have restricted budgets, such that we are forced to compete with programs or solutions that offer an alternative use of the same funds. A number of factors could cause potential customers to delay or refrain from purchasing our solutions or prevent expansion of their use of our solutions, including:

- decreases or changes in available funding, including budgetary allocations, government grants and other government funding programs;
- potential delays or changes in appropriations or other funding authorization processes;
- changes in fiscal or contracting policies; and
- changes in elected or appointed officials.

The occurrence of any of the foregoing would impede our ability to maintain or increase the amount of revenues derived from these customers, which could have a material adverse effect on our business, operating results and financial condition.

***Contracting with government entities can be complex, expensive and time-consuming.***

The procurement process for government entities is in many ways more challenging than contracting in the private sector. We must comply with laws and regulations relating to the formation, administration, performance and pricing of contracts with government entities, including U.S. federal, state and local governmental bodies. These laws and regulations may impose added costs on our business or prolong or complicate our sales efforts, and failure to comply with these laws and regulations or other applicable requirements could lead to claims for damages from our customers, penalties, termination of contracts and other adverse consequences. Any such damages, penalties, disruptions or limitations in our ability to do business with government entities could have a material adverse effect on our business, operating results and financial condition.

Government entities often require highly specialized contract terms that may differ from our standard arrangements. For example, if the federal government provides grants to certain state and local governments for our solutions, and such governments do not continue to receive these grants, then these customers have the ability to terminate their contracts with us without penalty. Government entities often impose compliance requirements that are complicated, require preferential pricing or

"most favored nation" terms and conditions, or are otherwise time-consuming and expensive to satisfy. Compliance with these special standards or satisfaction of such requirements could complicate our efforts to obtain business or increase the cost of doing so. Even if we do meet these special standards or requirements, the increased costs associated with providing our solutions to government customers could harm our margins. Additionally, even once we have secured a government contract, the renewal process can be lengthy and as time-consuming as the initial sale, and we may be providing our service for months past the contract expiration date without certainty if the renewal agreement will be signed or not.

Changes in the underlying regulatory conditions, political landscape or required procurement procedures that affect these types of customers could be introduced prior to the completion of our sales cycle, making it more difficult or costly to finalize a contract with a new customer or expand or renew an existing customer relationship. For example, customers may require a competitive bidding process with extended response deadlines, review or appeal periods, or customer attention may be diverted to other government matters, postponing the consideration of the purchase of our products. Such delays could harm our ability to provide our solutions efficiently and to grow or maintain our customer base.

***If we are unable to maintain and expand coverage of our existing public safety customer accounts and further penetrate the public safety market, our revenues may not grow.***

Our ability to increase revenues will depend in large part on our existing public safety solution customers renewing their annual subscriptions and expanding their mileage coverage. Most of our ShotSpotter Flex customers begin using our solution in a limited coverage area. Our experience has been, and we expect will continue to be, that after the initial implementation of our solutions, almost all of our new customers renew their annual subscriptions, and many also choose to expand their coverage area. If our existing customers do not renew their subscriptions, our revenues may decrease. Furthermore, if our existing customers do not choose to expand their coverage areas, our revenues will not grow as we anticipate.

Our ability to further penetrate the market for our public safety solution depends on several factors, including: maintaining a high level of customer satisfaction and a strong reputation among law enforcement; increasing the awareness of our ShotSpotter Flex solution and its benefits; the effectiveness of our marketing programs; the availability of funding to our customers; and the costs of our ShotSpotter solution. Some potential public safety customers may be reluctant or unwilling to use our solution for a number of reasons, including concerns about additional costs, unwillingness to expose or lack of concern regarding the extent of gun violence in their community, uncertainty regarding the reliability and security of cloud-based offerings or lack of awareness of the benefits of our public safety solution. If we are unsuccessful in expanding the coverage of ShotSpotter Flex by existing customers or adding new ShotSpotter Flex customers, our revenues and growth prospects would suffer.

***If we are unable to sell our solutions into new markets, our revenues may not grow.***

Part of our growth strategy depends on our ability to increase sales of our security solutions and add new customers for our public safety solution in markets outside of the United States. Any new market into which we attempt to sell our solutions may not be receptive. Our ability to penetrate new markets depends on the quality of our solutions, the continued acceptance of our public safety solution by law enforcement, the perceived value of our security solutions as a risk management tool and our ability to design our solutions to meet the demands of our customers and users. If the markets for our solutions do not develop as we expect, our revenues may not grow.

Our ability to successfully face these challenges depends on several factors, including increasing the awareness of our solutions and their benefits; the effectiveness of our marketing programs; the costs of

our solutions; our ability to attract, retain and effectively train sales and marketing personnel; and our ability to develop relationships with communication carriers and other partners. If we are unsuccessful in developing and marketing our solutions into new markets, new markets for our solutions might not develop or might develop more slowly than we expect, either of which would harm our revenues and growth prospects.

***Our sales cycle can be lengthy, time-consuming and costly, and our inability to successfully complete sales could harm our business.***

Our sales process involves educating prospective customers and existing customers about the use, technical capabilities and benefits of our solutions. Prospective customers, especially government agencies, often undertake a prolonged evaluation process that may last up to nine months or more and that typically involves comparing the benefits of our solutions to alternative uses of funds. We may spend substantial time, effort and money on our sales and marketing efforts without any assurance that our efforts will produce any sales.

Additionally, events affecting our customers' budgets or missions may occur during the sales cycle that could negatively impact the size or timing of a purchase after we have invested substantial time, effort and resources into a potential sale, contributing to more unpredictability in the growth of our business. If we are unable to succeed in closing sales with new and existing customers, our business, operating results and financial condition will be harmed.

***Changes in the availability of federal funding to support local law enforcement efforts could impact our business.***

Many of our customers rely to some extent on funds from the U.S. federal government in order to purchase and pay for our solutions. Any reduction in federal funding for local law enforcement efforts could result in our customers having less access to funds required to continue, renew, expand or pay for our solutions. For example, changes in policies with respect to "sanctuary cities" may result in a reduction in federal funds available to our current or potential customers. If federal funding is reduced or eliminated and our customers cannot find alternative sources of funding to purchase our solutions, our business will be harmed.

***If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business prospects would suffer.***

Our ability to successfully grow our business depends on a number of factors including our ability to:

- accelerate our acquisition of new customers;
- further sell expansions of coverage areas to our existing customers;
- expand our international footprint;
- expand into new vertical markets, such as our security solutions;
- increase awareness of the benefits that our solutions offer; and
- maintain our competitive and technology leadership position.

As usage of our solutions grows, we will need to continue to make investments to develop and implement new or updated solutions, technologies, security features and cloud-based infrastructure operations. In addition, we will need to appropriately scale our internal business systems and our services organization, including the suppliers of our detection equipment and customer support services,

to serve our growing customer base. Any failure of, or delay in, these efforts could impair the performance of our solutions and reduce customer satisfaction.

Further, our growth could increase quickly and place a strain on our managerial, operational, financial and other resources, and our future operating results depend to a large extent on our ability to successfully manage our anticipated expansion and growth. To manage our growth successfully, we will need to continue to invest in sales and marketing, research and development, and general and administrative functions and other areas. We are likely to recognize the costs associated with these investments earlier than receiving some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely affect our operating results.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new solutions or upgrades to our existing solutions, satisfy customer requirements, maintain the quality and security of our solutions or execute on our business plan, any of which could have a material adverse effect on our business, operating results and financial condition.

***Our business is dependent upon our ability to deploy and deliver our solutions, and the failure to meet our customers' expectations could harm our reputation, which may have a material adverse effect on our business, operating results and financial condition.***

Promoting and demonstrating the utility of our solutions as useful, reliable and important tools for law enforcement and security personnel is critical to the success of our business. Our ability to secure customer renewals and enter into new customer contracts is dependent on our reputation and our ability to deliver our solutions effectively. We believe that our reputation among police departments using ShotSpotter Flex is particularly important to our success. Our ability to meet customer expectations will depend on a wide range of factors, including:

- our ability to continue to offer high-quality, innovative and accurate gunshot detection services;
- our ability to maintain high customer satisfaction;
- the perceived value and quality of our solutions;
- our ability to successfully communicate the unique value proposition of our solutions;
- our ability to provide high-quality customer support;
- any misuse or perceived misuse of our solutions;
- interruptions, delays or attacks on our platform; and
- litigation- or regulation-related developments.

Furthermore, negative publicity, whether or not justified, relating to events or activities attributed to us, our solutions, our employees, our partners or others associated with any of these parties, may tarnish our reputation. Damage to our reputation may reduce demand for our solutions and would likely have a material adverse effect on our business, operating results and financial condition. Moreover, any attempts to rebuild our reputation may be costly and time-consuming, and such efforts may not ultimately be successful.

***Real or perceived false positive gunshot alerts or failure or perceived failure to generate alerts for actual gunfire could adversely affect our customers and their operations, damage our brand and reputation and adversely affect our growth prospects and results of operations.***

A false positive alert, in which a non-gunfire incident is reported as gunfire, could result in an unnecessary rapid deployment of police officers and first responders, which may raise unnecessary fear among the occupants of a community or facility, and may be deemed a waste of police and first responder resources. A failure to alert law enforcement or security personnel of actual gunfire could result in a less rapid response by police officers and first responders, increasing the probability of injury or loss of life. Both false positive alerts and the failure to generate alerts of actual gunfire may result in customer dissatisfaction, potential loss of confidence in our solutions, and potential liabilities to customers or other third parties, any of which could harm our reputation and adversely impact our business and operating results. Additionally, the perception of a false positive alert or of a failure to generate an alert, even where our customers understand that our solutions were utilized correctly, could lead to negative publicity or harm the public perception of our solutions, which could harm our reputation and adversely impact our business and operating results.

***Economic uncertainties or downturns, or political changes, could limit the availability of funds available to our customers and potential customers, which could materially adversely affect our business.***

Current or future economic uncertainties or downturns could adversely affect our business and operating results. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, financial and credit market fluctuations, political deadlock, natural catastrophes, warfare and terrorist attacks on the United States, Europe, the Asia Pacific region or elsewhere, could cause a decrease in funds available to our customers and potential customers and negatively affect the rate of growth of our business.

These economic conditions may make it extremely difficult for our customers and us to forecast and plan future budgetary decisions or business activities accurately, and they could cause our customers to reevaluate their decisions to purchase our solutions, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Furthermore, during challenging economic times or as a result of political changes, our customers may tighten their budgets and face constraints in gaining timely access to sufficient funding or other credit, which could result in an impairment of their ability to make timely payments to us. In turn, we may be required to increase our allowance for doubtful accounts, which would adversely affect our financial results.

We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry, or the impact of political changes. If the economic conditions of the general economy or industries in which we operate worsen from present levels, or if recent political changes result in less funding being available to purchase our solutions, our business, operating results, financial condition and cash flows could be adversely affected.

***We have not been profitable historically and may not achieve or maintain profitability in the future.***

We have posted a net loss in each year since inception, including net losses of $6.2 million, $6.9 million and $1.6 million in the years ended December 31, 2015 and December 31, 2016 and the three months ended March 31, 2017, respectively. As of December 31, 2016, we had an accumulated deficit of $87.6 million. While we have experienced stronger revenue growth in recent periods, we are not certain whether or when we will obtain a high enough volume of sales of our solutions to sustain or increase our growth or achieve or maintain profitability in the future. We also expect our costs to increase in future periods, which could negatively affect our future operating results if our revenues do

not increase. In particular, we expect to continue to expend substantial financial and other resources on:

- sales and marketing, including a significant expansion of our sales organization, both domestically and internationally;
- research and development related to our solutions, including investments in our engineering and technical teams;
- continued international expansion of our business; and
- general and administrative expenses, including legal and accounting expenses preparing for and related to being a public company.

These investments may not result in increased revenues or growth in our business. If we are unable to increase our revenues at a rate sufficient to offset the expected increase in our costs, our business, operating results and financial position may be harmed, and we may not be able to achieve or maintain profitability over the long term. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If our revenue growth does not meet our expectations in future periods, our financial performance may be harmed, and we may not achieve or maintain profitability in the future.

***We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects.***

We intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new features or enhance our solutions, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, in addition to the revenues we generate from our business and the proceeds from this offering, we may need to engage in additional equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain such additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a material adverse effect on our business, operating results, financial condition and prospects.

***New competitors may enter the market for our public safety solution.***

If cities and other government entities increase their efforts to reduce gun violence or our solutions gain visibility in the market, companies could decide to enter into the public safety solution market and thereby increase the competition we face. In addition to other gunshot detection products, we also compete with other technologies and solutions targeting our public safety customers' resources for law enforcement and crime prevention. Because there are several possible uses for these limited budgetary resources, if we are not able to compete successfully for these limited resources, our business may not grow as we expect, which could adversely impact our revenues and operating results.

***The competitive landscape for our security solutions is evolving.***

The market for security solutions for university campuses, corporate campuses and transportation and key infrastructure centers includes a number of available options, such as video surveillance and increased human security presence, in addition to indoor gunshot detection companies with which we compete. Because there are several possible uses of funds for campus security needs, we may face increased challenges in demonstrating or distinguishing the benefits of SST SecureCampus and ShotSpotter SiteSecure, our security solutions. If we are unable to demonstrate the benefits of our security solutions, our business may not grow as we expect.

***Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our solutions.***

To increase total customers and customer coverage areas and to achieve broader market acceptance of our solutions, we will need to expand our sales and marketing organization and increase our business development resources, including the vertical and geographic distribution of our sales force and our teams of account executives focused on new accounts and responsible for renewal and growth of existing accounts.

Our business requires that our sales personnel have particular expertise and experience in working with law enforcement agencies, other government organizations and higher education institutions. We may not achieve revenue growth from expanding our sales force if we are unable to hire, develop and retain talented sales personnel with appropriate experience, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective.

***The nature of our business exposes us to inherent liability risks.***

Our solutions, including ShotSpotter Flex, SST SecureCampus and ShotSpotter SiteSecure, are designed to communicate real-time alerts of gunfire incidents to police officers and first responders. Due to the nature of such applications, we are potentially exposed to greater risks of liability for employee acts or omissions or system failures than may be inherent in other businesses. Although substantially all of our customer agreements contain provisions limiting our liability to our customers, we cannot be certain that these limitations will be enforced or that the costs of any litigation related to actual or alleged omissions or failures would not have a material adverse effect on us even if we prevail. Further, certain of our insurance policies and the laws of some states may limit or prohibit insurance coverage for punitive or certain other types of damages or liability arising from gross negligence, and we cannot assure you that we are adequately insured against the risks that we face.

***The nature of our business may result in undesirable press coverage or other negative publicity.***

Our solutions are used to assist law enforcement and first responders in the event that gunfire is detected. Even when our solutions work as intended, the incidents detected by our solutions could lead to injury, loss of life and other negative outcomes, and such events are likely to receive negative publicity. If we fail to detect an incident, or if we detect an incident, such as a terrorist attack or active-shooter event, but the response time of law enforcement or first responders is not sufficiently quick to prevent injury, loss of life, property damage or other adverse outcomes, we may receive negative media attention.

In addition, our solutions require that our customers monitor alerts and respond timely to notifications of gunshots. If our customers do not fully utilize our systems, we may be subject to criticism and unflattering media coverage regarding the effectiveness of our solutions and the cost of our solutions to our customers. Such negative publicity could have an adverse impact on new sales or renewals or expansions of coverage areas by existing customers, which would adversely impact our financial results and future prospects.

***Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business and results of operations.***

We may in the future experience performance issues due to a variety of factors, including infrastructure changes, human or software errors, website or third-party hosting disruptions or capacity constraints due to a number of potential causes including technical failures, natural disasters or security attacks. If our security is compromised, our platform is unavailable or our users are unable to receive our alerts or otherwise communicate with our Incident Review Center, or IRC, within a reasonable amount of time or at all, our business could be negatively affected. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time.

Our IRC is located in a single facility. Although the functions of our IRC can be performed remotely, any interruption or delay in service from our IRC, such as from a communications or power outage, could limit our ability deliver our solutions. In addition, it may become increasingly difficult to maintain and improve the performance of our solutions, especially during peak usage times as the capacity of our IRC operations reaches its limits. If there is an interruption or delay in service from our IRC and a gunshot is detected but not reviewed in the allotted time, our software will send an alert directly to our customers. These automatic notifications, without the benefit of review by our IRC, may be more likely to result in customers receiving a false positive alert, which could cause our customers to divert resources unnecessarily. As a result, we could experience a decline in customer satisfaction with our solutions and our reputation and growth prospects could be harmed.

We expect to continue to make significant investments to maintain and improve the performance of our solutions. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology to accommodate actual and anticipated changes in technology, our business, operating results and financial condition may be adversely affected.

***Real or perceived errors, failures or bugs in our software could adversely affect our operating results and growth prospects.***

Because our software is complex, undetected errors, failures or bugs may occur. Our software is often installed and used with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures of our software or other aspects of the computing environment into which it is deployed. In addition, deployment of our software into computing environments may expose undetected errors, compatibility issues, failures or bugs in our software. Despite our testing, errors, failures or bugs may not be found in our software until it is released to our customers. Moreover, our customers could incorrectly implement or inadvertently misuse our software, which could result in customer dissatisfaction and adversely impact the perceived utility of our products as well as our brand. Any of these real or perceived errors, compatibility issues, failures or bugs in our software could result in negative publicity, reputational harm, loss of or delay in market acceptance of our software, loss of competitive position or claims by customers for losses sustained by them. In any such event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to correct the problem. Alleviating any of these problems could require significant expenditures of our capital and other resources and could cause interruptions or delays in the use of our solutions, which could cause us to lose existing or potential customers and could adversely affect our operating results and growth prospects.

***Interruptions or delays in service from our third-party providers could impair our ability to make our solutions available to our customers, resulting in customer dissatisfaction, damage to our reputation, loss of customers, limited growth and reduction in revenue.***

We currently use third-party data center hosting facilities to host certain components of our solutions. Our operations depend, in part, on our third-party providers' abilities to protect these facilities against damage or interruption from natural disasters, power or communications failures, cyber

incidents, criminal acts and similar events. In the event that any of our third-party facility arrangements is terminated, or if there is a lapse of service or damage to a facility, we could experience service interruptions in our solutions as well as delays and additional expenses in arranging new facilities and services. Any changes in third-party service levels at our data centers or any errors, defects, disruptions, cyber incidents or other performance problems with our solutions could harm our reputation.

Any damage to, or failure of, the systems of our third-party providers could result in interruptions to our solutions. Despite precautions taken at our data centers, the occurrence of spikes in usage volume, natural disasters, cyber incidents, acts of terrorism, vandalism or sabotage, closure of a facility without adequate notice or other unanticipated problems could result in lengthy interruptions in the availability of our services. Problems faced by our third-party data center locations, with the network providers with whom they contract, or with the systems by which our communications providers allocate capacity among their customers, including us, could adversely affect the experience of our customers. Interruptions in our services might cause us to issue refunds to customers and subject us to potential liability.

Further, our insurance policies may not adequately compensate us for any losses that we may incur in the event of damage or interruption, and therefore the occurrence of any of the foregoing could subject us to liability, cause us to issue credits to customers or cause customers not to renew their subscriptions for our applications, any of which could materially adversely affect our business.

***If our security measures or those of our customers or third-party providers are compromised, or if unauthorized access to the data of our customers is otherwise obtained, our solutions may be perceived as not being secure, our customers may be harmed and may curtail or cease their use of our solutions, our reputation may be damaged and we may incur significant liabilities.***

Our operations involve the storage and transmission of gunfire incident data, including date, time, address and GPS coordinates, occurring in our customer's coverage area. Security incidents, whether as a result of third-party action, employee or customer error, technology impairment or failure, malfeasance or criminal activity, could result in unauthorized access to, or loss or unauthorized disclosure of, this gunfire incident data, which could result in litigation, indemnity obligations and other possible liabilities, as well as negative publicity, which could damage our reputation, impair our sales and harm our customers and our business. Cyber incidents and malicious internet-based activity continue to increase generally, and providers of cloud-based services have been targeted. If third parties with whom we work, such as vendors or developers, violate applicable laws or our security policies, such violations may also put our gunfire incident data at risk and could in turn have an adverse effect on our business. In addition, such a violation could expose the locations of our sensors, including those sensors for which we obtained third-party consents that include confidentiality obligations. We may be unable to anticipate or prevent techniques used to obtain unauthorized access or to sabotage systems because such techniques change frequently and often are not detected until after an incident has occurred. As we increase our customer base and our brand becomes more widely known and recognized, third parties may increasingly seek to compromise our security controls or gain unauthorized access to customer data or other sensitive information. Further, because of the nature of the services that we provide to our customers, we may be a unique target for attacks.

While we maintain general liability insurance coverage and coverage for errors or omissions, we cannot assure you that such coverage would be adequate or would otherwise protect us from liabilities or damages with respect to claims alleging compromise or loss of data, or that such coverage will continue to be available on acceptable terms or at all.

***We rely on the cooperation of customers and third parties to permit us to install our ShotSpotter sensors on their facilities, and failure to obtain these rights could increase our costs or limit the effectiveness of our ShotSpotter Flex solution.***

Our ShotSpotter Flex solution requires us to deploy ShotSpotter sensors in our customer coverage areas, which typically entails the installation of approximately 15 to 20 sensors per square mile. The ShotSpotter sensors are mounted on city facilities and third-party buildings, and occasionally on city or utility-owned light poles, and installing the sensors requires the consent of the property owners, which can be time-consuming to obtain and can delay deployment. Generally, we do not pay a site license fee in order to install our sensors, and our contractual agreements with these facility owners provide them the right to revoke permission to use their facility with notice of generally 60 days.

To the extent that required consents delay our ability to deploy our solutions or facility owners do not grant permission to use their facilities, revoke previously granted permissions, or require us to pay a site license fee in order to install our sensors, our business may be harmed. If we were required to pay a site license fee in order to install sensors, our deployment expenses would increase, which would impact our gross margins. If we cannot obtain a sufficient number of sensor mounting locations that are appropriately dispersed in a coverage area, the effectiveness of our ShotSpotter Flex solution would be limited, we may need to reduce the coverage area of the solution, or we may not be able to meet our service level requirements, any of which could result in customer dissatisfaction or have a material adverse impact on our reputation, our business and our financial results.

***If we fail to offer high-quality customer support, our business and reputation may suffer.***

We offer customer support 24 hours a day, seven days a week, as well as training on best practices, forensic expertise and expert witness services. Providing these services requires that our personnel have specific experience, knowledge and expertise, making it more difficult for us to hire qualified personnel and to scale up our support operations. The importance of high-quality customer support will increase as we expand our business and pursue new customers. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services or scale our services if our business grows. Increased customer demand for these services, without corresponding revenue, could increase our costs and harm our operating results. If we do not help our customers use applications within our solutions and provide effective ongoing support, our ability to sell additional applications to, or to retain, existing customers may suffer and our reputation with existing or potential customers may be harmed.

***We rely on wireless carriers to provide access to wireless networks through which our acoustic sensors communicate with our cloud network and with which we provide our notification services to customers, and any interruption of such access would impair our business.***

We rely on wireless carriers, mainly AT&T and Verizon, to provide access to wireless networks for machine-to-machine data transmissions, which are an integral part of our services. Our wireless carriers may suspend wireless service to expand, maintain or improve their networks. Any suspension or other interruption of services would adversely affect our ability to provide our services to our customers and may adversely affect our reputation. In addition, the terms of our agreements with these wireless carriers provide that either party can cancel or terminate the agreement for convenience with 90 days' notice. If one of our wireless carriers were to terminate its agreement with us, we would need to source a different wireless carrier and/or modify our equipment during the notice period in order to minimize disruption in the performance of our solutions. Price increases or termination by our wireless carriers or changes to existing contract terms could have a material adverse effect on our business, operating results and financial condition.

***Our reliance on wireless carriers will require updates to our technology, and making such updates could result in disruptions in our service or increase our costs of operations.***

The majority of our installed ShotSpotter sensors use third-generation, or 3G, cellular communications and we will continue to deploy 3G enabled sensors in 2017. Certain wireless carriers have advised us that they will discontinue their 3G services in the future and our ShotSpotter sensors will not be able to transmit on these networks. We will have to upgrade the sensors that use 3G cellular communications at no additional cost to our customers prior to the discontinuation of 3G services, the timing of which is uncertain. These sensor replacements will require significant capital expenditures and may also divert management's attention and other important resources away from our customer service and sales efforts for new customers. We are currently developing a ShotSpotter sensor that will use fourth-generation (4G) Long-Term Evolution (LTE) wireless technology. In the future, we may not be able to successfully implement new technologies or adapt existing technologies to changing market demands. If we are unable to adapt timely to changing technologies, market conditions or customer preferences, our business, operating results and financial condition could be materially and adversely affected.

***We rely on a limited number of suppliers and contract manufacturers, and our proprietary ShotSpotter sensors are manufactured by a single contract manufacturer.***

We rely on a limited number of suppliers and contract manufacturers. In particular, we use a single manufacturer, with which we have no long-term contract and from which we purchase on a purchase-order basis, to produce our proprietary ShotSpotter sensors. Our reliance on a sole contract manufacturer increases our risks since we do not currently have any alternative or replacement manufacturers, and we do not maintain a high volume of inventory. In the event of an interruption from a contract manufacturer, we may not be able to develop alternate or secondary sources without incurring material additional costs and substantial delays. Furthermore, these risks could materially and adversely affect our business if our contract manufacturer is impacted by a natural disaster or other interruption at a particular location because each of our contract manufacturers produces our products from a single location. Although our contract manufacturer has alternative manufacturing locations, transferring manufacturing to another location may result in significant delays in the availability of our sensors.

Many of the key components used to manufacture our proprietary ShotSpotter sensors also come from limited or sole sources of supply. Our contract manufacturer generally purchases these components on our behalf, and we do not have any long-term arrangements with our suppliers. We are therefore subject to the risk of shortages and long lead times in the supply of these components and the risk that suppliers discontinue or modify components used in our products. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in quantities and delivery schedules. Developing alternate sources of supply for these components may be time-consuming, difficult, and costly, and we or our suppliers may not be able to source these components on terms that are acceptable to us, or at all, which may undermine our ability to fill our orders in a timely manner.

If we experience significantly increased demand, or if we need to replace an existing supplier or contract manufacturer, we may be unable to supplement or replace such supply or contract manufacturing on terms that are acceptable to us, which may undermine our ability to deliver our products to customers in a timely manner. For example, for our ShotSpotter sensors, it may take a significant amount of time to identify a contract manufacturer that has the capability and resources to build the sensors to our specifications. Identifying suitable suppliers and contract manufacturers is an extensive process that requires us to become satisfied with their quality control, technical capabilities, responsiveness and service, financial stability, regulatory compliance, and labor and other ethical practices. Accordingly, the loss of any key supplier or contract manufacturer could adversely impact our business, operating results and financial condition.

***Our solutions use third-party software and services that may be difficult to replace or cause errors or failures of our solutions that could lead to a loss of customers or harm to our reputation and our operating results.***

We license third-party software and depend on services from various third parties for use in our solutions. In the future, such software or services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of the software or services could result in decreased functionality of our solutions until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated, which could harm our business. In addition, any errors or defects in or failures of the third-party software or services could result in errors or defects in our solutions or cause our solutions to fail, which could harm our business and be costly to correct. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our customers or third-party providers that could harm our reputation and increase our operating costs.

We will need to maintain our relationships with third-party software and service providers, and obtain from such providers software and services that do not contain any errors or defects. Any failure to do so could adversely impact our ability to deliver effective products to our customers and could harm our operating results.

***If we do not or cannot maintain the compatibility of our platform with applications that our customers use, our business could suffer.***

Some of our customers choose to integrate our solutions with certain other systems used by our customers, such as real-time crime center platforms or computer-aided dispatch systems. The functionality and popularity of our solutions depend, in part, on our ability to integrate our solutions these systems. Providers of these systems may change the features of their technologies, restrict our access to their applications or alter the terms governing use of their applications in an adverse manner. Such changes could functionally limit or terminate our ability to use these technologies in conjunction with our solutions, which could negatively impact our customer service and harm our business. If we fail to integrate our solutions with applications that our customers use, we may not be able to offer the functionality that our customers need, and our customers may not renew their agreements, which would negatively impact our ability to generate revenues and adversely impact our business.

***Concerns regarding privacy and government-sponsored surveillance may deter customers from purchasing our solutions.***

Private citizens have become increasingly sensitive to real or perceived government or third-party surveillance and may wrongly believe that our outdoor sensors, as acoustic devices installed in urban areas or public facilities, such as universities, allow customers to listen to private conversations and monitor private citizen activity. Our sensors are not designed for "live listening" and are triggered only on loud impulsive sounds that may likely be gunfire. However, perceived privacy concerns may result in negative media coverage and efforts by private citizens to persuade municipalities, educational institutions or other potential customers not to purchase our solutions for their communities, campuses or facilities. If customers choose not to purchase our solutions due to privacy concerns, then the market for our solutions may develop more slowly than we expect, or it may not achieve the growth potential we expect, any of which would adversely affect our business and financial results.

***Our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict.***

Our revenues and results of operations could vary significantly from quarter to quarter as a result of various factors, many of which are outside of our control, including:

- the expansion of our customer base;

- the renewal of subscription agreements with, and expansion of coverage areas by, existing customers;
- the size, timing and terms of our sales to both existing and new customers;
- the introduction of products or services that may compete with us for the limited funds available to our customers, and changes in the cost of such products or services;
- changes in our customers' and potential customers' budgets;
- our ability to control costs, including our operating expenses;
- our ability to hire, train and maintain our direct sales force;
- the timing of satisfying revenue recognition criteria in connection with initial deployment and renewals;
- fluctuations in our effective tax rate; and
- general economic and political conditions, both domestically and internationally.

Any one of these or other factors discussed elsewhere in this prospectus may result in fluctuations in our revenues and operating results, meaning that quarter-to-quarter comparisons of our revenues, results of operations and cash flows may not necessarily be indicative of our future performance.

Because of the fluctuations described above, our ability to forecast revenues is limited and we may not be able to accurately predict our future revenues or results of operations. In addition, we base our current and future expense levels on our operating plans and sales forecasts, and our operating expenses are expected to be relatively fixed in the short term. Accordingly, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect our financial results for that quarter. The variability and unpredictability of these and other factors could result in our failing to meet or exceed financial expectations for a given period.

***Because we generally recognize our subscription revenues ratably over the term of our contract with a customer, fluctuations in sales will not be fully reflected in our operating results until future periods.***

Our revenues are primarily generated from subscriptions to our solutions. With the exception of a small number of legacy customers, our customers do not have the right to take possession of our equipment or software platform. Revenues from subscriptions to our software platform is recognized ratably over the subscription period beginning on the date that the subscription is made available to the customer, which we refer to as the "go-live" date. Revenues from additional fees such as set-up and training is recognized ratably over the estimated customer life beginning on the go-live date. Our agreements with our customers typically range from one to five years. As a result, much of the revenues that we report in each quarter are attributable to agreements entered into during previous quarters. Consequently, a decline in sales, customer renewals or market acceptance of our solutions in any one quarter would not necessarily be fully reflected in the revenues in that quarter, and would negatively affect our revenues and profitability in future quarters. This ratable revenue recognition also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as revenues from new customers generally are recognized over the applicable agreement term. Our subscription-based approach may result in uneven recognition of revenue.

We recognize revenues over the term of a subscription agreement. Once we enter into a contract with a customer, there is a delay until we begin recognizing revenues while we survey the coverage areas, obtain any required consents for installation, and install and calibrate our sensors, which together

can take up to several months or more. We begin recognizing revenues from a sale only when all of these steps are complete and the solution is live.

While most of our customers elect to renew their subscription agreements following the expiration of a term, in some cases, they may not be able to obtain the proper approvals or funding to complete the renewal prior to such expiration. For these customers, we stop recognizing subscription revenues at the end of the current term, even though we may continue to provide services for a period of time while the renewal process is completed. Once the renewal is complete, we then recognize subscription revenues for the period between the expiration of the term of the agreement and the completion of the renewal process.

Additionally, while we generally invoice for 50% of the contract cost upon a customer's go-live date, our cash flows may be volatile and will not match our revenue recognition.

The variation in the timeline for deploying our solutions and completing renewals may result in fluctuations in our revenue, which could cause our results to differ from projections.

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

We currently operate in a single location outside the United States. We are in the process of expanding our international operations to increase our revenues from customers outside of the United States as part of our growth strategy. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in the United States. In addition, we will need to invest time and resources in understanding the regulatory framework and political environments of our potential customers overseas in order to focus our sales efforts. Because such regulatory and political considerations are likely to vary across jurisdictions, this effort will require additional time and attention from our sales team and could lead to a sales cycle that is longer than our typical process for sales in the United States. We also may need to hire additional employees and otherwise invest in our international operations in order to reach new customers. Because of our limited experience with international operations as well as developing and managing sales in international markets, our international expansion efforts may not be successful.

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

- the potential impact of currency exchange fluctuations;
- the difficulty of staffing and managing international operations and the increased operations, travel, shipping and compliance costs associated with having customers in numerous international locations;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- the availability of coverage by wireless carriers in international markets;
- higher or more variable costs associated with wireless carriers and other service providers;
- the need to offer customer support in various languages;
- challenges in understanding and complying with local laws, regulations and customs in foreign jurisdictions;

- export controls and economic sanctions administered by the Department of Commerce Bureau of Industry and Security and the Treasury Department's Office of Foreign Assets Control;
- compliance with various anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act and United Kingdom Bribery Act of 2010;
- tariffs and other non-tariff barriers, such as quotas and local content rules;
- more limited protection for our intellectual property in some countries;
- adverse or uncertain tax consequences as a result of international operations;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds;
- deterioration of political relations between the United States and other countries; and
- political or social unrest or economic instability in a specific country or region in which we operate, which could have an adverse impact on our operations in that location.

Also, we expect that due to costs related to our international expansion efforts and the increased cost of doing business internationally, we will incur higher costs to secure sales to international customers than the comparable costs for domestic customers. As a result, our financial results may fluctuate as we expand our operations and customer base worldwide.

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

***We are dependent on the continued services and performance of our senior management and other key personnel, the loss of any of whom could adversely affect our business.***

Our future success depends in large part on the continued contributions of our senior management and other key personnel. In particular, the leadership of key management personnel is critical to the successful management of our company, the development of our products, and our strategic direction. We also depend on the contributions of key technical personnel, some of whom are nearing retirement age and in the process of transferring relevant knowledge and expertise to other employees.

We do not maintain "key person" insurance for any member of our senior management team or any of our other key employees. Our senior management and 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. The loss of any of our key management personnel could significantly delay or prevent the achievement of our development and strategic objectives and adversely affect our business.

***If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely affected.***

Our future success depends in part on our ability to identify, attract, integrate and retain highly skilled technical, managerial, sales and other personnel. We face intense competition for qualified individuals from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do. Some of these characteristics may be more appealing to high-quality candidates than those we have to offer. In addition, new hires often require significant training and, in many cases, take significant time before they achieve full

productivity. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. If we are unable to attract, integrate 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 will be adversely affected.

Volatility or lack of positive performance in our stock price may also affect our ability to attract and retain our key employees. Many of our senior management 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 prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the market price of our common stock. If we are unable to appropriately incentivize and retain our employees through equity compensation, or if we need to increase our compensation expenses in order to appropriately incentivize and retain our employees, our business, operating results and financial condition would be adversely affected.

***We may be subject to additional obligations to collect and remit certain taxes, and we may be subject to tax liability for past activities, which could harm our business.***

State, local and foreign jurisdictions have differing rules and regulations governing sales, use, value added and other taxes, and these rules and regulations are subject to varying interpretations that may change over time, particularly with respect to software-as-a-service products like our solutions. Further, these jurisdictions' rules regarding tax nexus are complex and vary significantly. If one or more jurisdictions were to assert that we have failed to collect taxes for sales of our solutions, we could face the possibility of tax assessments and audits. A successful assertion that we should be collecting additional sales, use, value added or other taxes in those jurisdictions where we have not historically done so and do not accrue for such taxes could result in substantial tax liabilities and related penalties for past sales or otherwise harm our business and operating results.

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

As of December 31, 2016, we had federal and state net operating loss carryforwards, or NOLs, of $75.7 million and $54.5 million, respectively, due to prior period losses, which expire in various years beginning in 2017 if not utilized. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. Additionally, state NOLs generated in one state cannot be used to offset income generated in another state. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

***We may be subject to litigation for a variety of claims, which could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business.***

We may be subject to litigation for a variety of claims arising from our normal business activities. These may include claims, suits, and proceedings involving labor and employment, wage and hour, commercial and other matters. The outcome of any litigation, regardless of its merits, is inherently

uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention and resources, and lead to attempts on the part of other parties to pursue similar claims. Any adverse determination related to litigation could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business. In addition, depending on the nature and timing of any such dispute, a resolution of a legal matter could materially affect our future operating results, our cash flows or both.

***Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our operating results and financial condition.***

Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks, and power outages, which may render it difficult or impossible for us to operate our business for some period of time. For example, our IRC and a data center that hosts some of our customer services are located in the San Francisco Bay Area, a region known for seismic activity. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could negatively impact our business and operating results, and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business, operating results and financial condition. In addition, the facilities of significant vendors, including the manufacturer of our proprietary acoustic sensor, may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or material adverse effects on our business.

***Changes in financial accounting standards may cause adverse and unexpected revenue fluctuations and impact our reported results of operations.***

A change in accounting standards or practices could harm our operating results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may harm our operating results or the way we conduct our business.

***Proposed legislation that would ease restrictions on the purchase of suppressors could impact our business.***

Legislation known as the Hearing Protection Act, or the HPA, was recently introduced in the U.S. Congress. If adopted, the HPA would ease restrictions on the sale of suppressors designed to reduce the noise related to gunshots and ultimately could lead to increased use of gun suppressors in urban gun crime. While we believe that our technology would capture gunshots fired with a suppressor in some cases, widespread use of suppressors could impact the effectiveness of our solutions or require us to make potentially costly modifications to our technology, either of which could have an adverse impact on our business.

**Risks Related to Our Intellectual Property**

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

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop or license under patent and other intellectual property laws of the United States, so that we can prevent others from using our inventions and proprietary information. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology and our business might be adversely affected. However, defending our intellectual property rights might entail significant expenses. Any of our patent rights, copyrights, trademarks or other intellectual property

rights may be challenged by others, weakened or invalidated through administrative process or litigation.

As of March 31, 2017, we had 30 U.S. patents directed to our technologies, as well as one granted patent in Israel. We have patent applications pending for examination in the United States, Europe, Mexico and Brazil, but we cannot guarantee that these patent applications will be granted. We also license three other U.S. patents from one or more third parties. The patents that we own or those that we license from others (including those that may be issued in the future) may not provide us with any competitive advantages or may be challenged by third parties.

Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain.

Any patents that are issued may subsequently be invalidated or otherwise limited, allowing other companies to develop offerings that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition. In addition, issuance of a patent does not guarantee that we have a right to practice the patented invention. Patent applications in the United States are typically not published until 18 months after their earliest priority date or, in some cases, not at all, and publications of discoveries in industry-related literature lag behind actual discoveries. We cannot be certain that third parties do not have blocking patents that could be used to prevent us from marketing or practicing our software or technology.

Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our software is available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States (in particular, some foreign jurisdictions do not permit patent protection for software), and mechanisms for enforcement of intellectual property rights may be inadequate. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States, including the recent America Invents Act, or to the laws of other countries and from interpretations of the intellectual property laws of the United States and other countries by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we endeavor to enter into non-disclosure agreements with our employees, licensees and others who may have access to this information, we cannot assure you that these agreements or other steps we have taken will prevent unauthorized use, disclosure or reverse engineering of our technology. Moreover, third parties may independently develop technologies or products that compete with ours, and we may be unable to prevent this competition.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert counterclaims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially viable. Any litigation, whether or not resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business, operating results, financial condition and cash flows.

***We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.***

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. The litigation may involve patent holding companies or other adverse patent owners that have no relevant product revenues and against which our patents may therefore provide little or no deterrence. We may have previously received, and may in the future receive, notices that claim we have misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement claims.

There may be third-party intellectual property rights, including issued or pending patents that cover significant aspects of our technologies or business methods. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights. These claims could also result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit or stop sales of our software and may be unable to compete effectively. Any of these results would adversely affect our business, operating results, financial condition and cash flows.

***If we are unable to protect our intellectual property, or if we infringe on the intellectual property rights of others, our business may be harmed.***

Our success depends in part on intellectual property rights to the services that we develop. We rely on a combination of contractual and intellectual property rights, including non-disclosure agreements, patents, trade secrets, copyrights and trademarks, to establish and protect our intellectual property rights in our names, services, innovations, methodologies and related technologies. If we lose intellectual property protection or the ability to secure intellectual property protection on any of our names, confidential information or technology, this could harm our business. Our intellectual property rights may not prevent competitors from independently developing services and methodologies similar to ours, and the steps we take might be inadequate to deter infringement or misappropriation of our intellectual property by competitors, former employees or other third parties, any of which could harm our business. We have registered patents and pending patent applications directed to our technology. We have registered trademarks in the United States that have various expiration dates unless renewed through customary processes. Our registered patents and/or trademark registrations may be unenforceable or ineffective in protecting our intellectual property. Most of our patents and pending patent applications have been filed only in the United States and are therefore not enforceable in countries outside of the United States. Our trademarks may be unenforceable in countries outside of the United States, which may adversely affect our ability to build our brand outside of the United States.

Although we are not presently aware that our conduct of our business infringes on the intellectual property rights of others, third parties may nevertheless assert infringement claims against us in the

future. We may be required to modify our products, services, internal systems or technologies, or obtain a license to permit our continued use of those rights. We may be unable to do so in a timely manner, or upon reasonable terms and conditions, which could harm our business. In addition, future litigation over these matters could result in substantial costs and resource diversion. Adverse determinations in any litigation or proceedings of this type could subject us to significant liabilities to third parties and could prevent us from using some of our services, internal systems or technologies.

***Our use of open source software could subject us to possible litigation.***

A portion of our technologies incorporates open source software, and we expect to continue to incorporate open source software into our platform in the future. Few of the licenses applicable to open source software have been interpreted by courts, and their application to the open source software integrated into our proprietary technology platform may be uncertain. If we fail to comply with these licenses, then pursuant to the terms of these licenses, we may be subject to certain requirements, including requirements that we make available the source code for our software that incorporates the open source software. We cannot assure you that we have not incorporated open source software in our software in a manner that is inconsistent with the terms of the applicable licenses or our current policies and procedures. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could incur significant legal expenses defending against such allegations. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our technology platform.

**Risks Related to this Offering and Ownership of Our Common Stock**

***There has been no prior market for our common stock. An active market may not develop or be sustainable and investors may not be able to resell their shares of common stock 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 and us and may vary from the market price of our common stock following the completion of this offering. If you purchase shares of our common stock in this offering, you may not be able to resell those shares at or above the initial public offering price. An active or liquid market in our common stock may not develop upon completion of this offering or, if it does develop, it may not be sustainable.

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

The initial public offering price for the shares of our common stock sold in this offering will be determined by negotiation between the representatives of the underwriters and us. This price may not reflect the market price of our common stock following the completion of this offering. In addition, we expect the market price of our common stock may be volatile for the foreseeable future. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including the factors listed below and other factors described in this "Risk Factors" section:

- actual or anticipated fluctuations in our operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;

- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- ratings changes by any securities analysts who follow our company;
- changes in the availability of federal funding to support local law enforcement efforts, or local budgets;
- announcements by us of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in operating performance and stock market valuations of other software companies generally;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in our board of directors or management;
- sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- lawsuits threatened or filed against us;
- short sales, hedging and other derivative transactions involving our capital stock;
- general economic conditions in the United States and abroad; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many software companies. Stock prices of many software companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities 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, operating results, financial condition and cash flows.

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

Sales of a substantial number of shares of our common stock in the public market following the completion of this offering, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

All of our executive officers, senior management and directors and substantially all of the holders of all of our capital stock are subject to lock-up agreements that restrict the stockholders' ability to transfer shares of our capital stock for 180 days from the date of this prospectus. Subject to certain exceptions, the lock-up agreements limit the number of shares of capital stock that may be sold immediately following this initial public offering. Subject to certain limitations, approximately shares of common stock, shares of common stock issuable upon exercise of options and

warrants, and shares of common stock issuable upon conversion of outstanding preferred stock will become eligible for sale upon expiration of the 180-day lock-up period. The underwriters of this offering may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares of common stock prior to the expiration of the lock-up agreements.

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

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 common stock outstanding immediately following the completion of this offering. Therefore, if you purchase shares of our common stock in this offering at an assumed initial public offering price of $ per share, 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 March 31, 2017, after giving effect to the issuance of shares of our common stock in this offering. This dilution is due in large part to the fact that our earlier investors paid substantially less than the initial public offering price when they purchased their shares of common stock.

In addition, we have issued options and warrants to acquire common stock at prices significantly below the initial public offering price. To the extent outstanding options and warrants are ultimately exercised, there will be further dilution to investors purchasing our common stock in this offering. In addition, if the underwriters exercise their option to purchase additional shares from us or if we issue additional equity securities, you will experience additional dilution.

***If we are not able to comply with the applicable continued listing requirements or standards of the NASDAQ Capital Market, NASDAQ could delist our common stock.***

In conjunction with this offering we have applied to list our common stock on the NASDAQ Capital Market. In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with the applicable listing standards.

***If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.***

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares of common stock or change their opinion of our shares of common stock, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

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

We currently intend to use the net proceeds to us from this offering primarily for working capital and general corporate purposes, including sales and marketing activities, general and administrative matters and capital expenditures. We may also use a portion of the net proceeds to repay all or a portion of the outstanding principal and interest under our debt facility. In addition, we may use a portion of the net proceeds from this offering for the acquisition of, or strategic investment in, technologies, solutions or businesses that complement our business, although we have no present

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

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

We are an "emerging growth company," as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an "emerging growth company" for up to five years, although we will cease to be an "emerging growth company" upon 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 revenues are $1 billion or more, (iii) the date on which we have, during the previous rolling three-year period, issued more than $1 billion in non-convertible debt securities or (iv) the date on which we are deemed to be a "large accelerated filer" as defined in the Securities Exchange Act of 1934, or the Exchange Act. 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. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

***We will incur substantial increased costs as a result of being a public company.***

As a public company, we will incur significant levels of legal, accounting and other expenses that we did not incur as a private company. We will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the NASDAQ Capital 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. 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 corporate employees to comply with these requirements, we may need to hire more corporate 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 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, 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 these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in this prospectus and in the filings that we will be required to make as a public company, our business, operating results and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If any such claims are successful, our business, operating results and financial condition 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, operating results and financial condition.

***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. We anticipate that 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.

***Our executive officers, directors and principal stockholders own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.***

Following this offering, our directors, executive officers and holders of more than 5% of our common stock, all of whom are represented on our board of directors, together with their affiliates will beneficially own % of the voting power of our outstanding capital stock. As a result, these stockholders will, immediately following this offering, be able to determine the outcome of matters submitted to our stockholders for approval. This ownership could affect the value of your shares of common stock by, for example, these stockholders electing to delay, defer or prevent a change in corporate control, merger, consolidation, takeover or other business combination. This concentration of ownership may also adversely affect the market price of our common stock.

***Anti-takeover 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 and limit the market price of our common stock.***

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

- establish a classified board of directors so that not all members of our board of directors are elected at one time;

- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings 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, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits stockholders owning 15% or more of our outstanding voting stock from merging or otherwise combining with us for a period of three years following the date on which the stockholder became a 15% stockholder without the consent of our board of directors. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management, and otherwise discourage management takeover attempts.

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

Pursuant to our amended and restated certificate of incorporation, as will be in effect upon the completion of this offering, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (4) any action asserting a claim governed by the internal affairs doctrine. Our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Our amended and restated certificate of incorporation will further provide that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the foregoing provision. The forum selection clause in our amended and restated certificate of incorporation may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections of this prospectus entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," but are also contained elsewhere in this prospectus. In some cases, you can identify forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "ongoing," "plan," "predict," "project," "potential," "should," "will," or "would," or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this prospectus, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain. Forward-looking statements include statements about:

- our ability to continue to increase revenue, secure renewals and expand coverage areas of existing public safety customers;
- our ability to continue to add new customers for our public safety and security solutions;
- the effects of increased competition as well as innovations by new and existing competitors in our market;
- our ability to effectively manage or sustain our growth;
- our ability to maintain, or strengthen awareness of, our solutions and our reputation;
- potential acquisitions and integration of complementary business and technologies;
- our expected use of proceeds;
- perceived or actual integrity, reliability, quality or compatibility problems with our solutions, including those related to unscheduled downtime or outages;
- statements regarding future revenue, hiring plans, expenses, capital expenditures, capital requirements and stock performance;
- our ability to attract and retain qualified employees and key personnel and further expand our overall headcount;
- our ability to grow both domestically and internationally;
- our ability to stay abreast of new or modified laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- our ability to maintain, protect and enhance our intellectual property;
- costs associated with defending intellectual property infringement and other claims; and
- the future trading prices of our common stock and the impact of securities analysts' reports on these prices.

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

You should refer to the "Risk Factors" section of this prospectus for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act do not protect any forward-looking statements that we make in connection with this offering. In addition, statements that state "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

## INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the market in which we operate, including our market position, market opportunity and market size, is based on information from various sources, on assumptions that we have made based on such data and other similar sources and on our knowledge of the markets for our products. These data sources involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

Neither we nor the underwriters have independently verified any third-party information. While we believe the market position, market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise. 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 following reports described herein represent data, research opinions or viewpoints published as part of a syndicated subscription service by each of the respective publishers thereof and are not representations of fact. Such reports speak as of their respective original publication dates (and not as of the date of this prospectus) and the opinions expressed in such reports are subject to change without notice.

The industry publications, reports, surveys and forecasts containing the market and industry data cited in this prospectus are provided below:

1. American Journal of Medicine, "Violent Death Rates: The US Compared with Other High- Income OECD Countries," 2010.
2. Mother Jones, "What Does Gun Violence Really Cost," May/June 2015 Issue.
3. Urban Institute, "The Effects of Gun Violence on Local Economies," November 2016.
4. Center for American Progress, "Economic Benefits of Reducing Violent Crime, a Case Study of 8 American Cities," Robert J. Shapiro and Kevin A. Hassett, June 2012.
5. Federal Bureau of Investigation, Active Shooter Incidents in the United States in 2014 and 2015.
6. Federal Bureau of Investigation, A Study of Active Shooter Incidents in the United States between 2000 and 2013.
7. Everytown For Gun Safety Action Fund, Analysis of School Shootings, January 1, 2013 through December 31, 2015.
8. Federal Aviation Administration, Passenger Board and All Cargo Data, 2015.
9. Brookings Institute, "Gun Violence in Major U.S. Cities Is Massively Underreported," Jillian B. Carr and Jennifer L. Doleac, April 2016.

For some statistical information provided in this prospectus, we rely on data provided by the FBI's Uniform Crime Reporting (UCR) Program, the Bureau of Labor Statistics' Census of Fatal Occupational Injuries Data and the National Center for Educational Statistics.

## USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of shares of our common stock in this offering will be approximately $ million, based upon an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase or 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 or decrease the net proceeds to us from this offering by approximately $ million, assuming that 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 underwriting discounts and commissions payable by us. We may also increase or decrease the number of shares of common stock we are offering. A 1,000,000 share increase or decrease in the number of shares of common stock offered by us would increase or decrease the net proceeds to us from this offering by approximately $ million, assuming that the assumed initial price to the public remains the same, and after deducting underwriting discounts and commissions payable by us. We do not expect that a change by these amounts in the initial offering price to the public or the number of shares of common stock offered by us would have a material effect on our uses of the proceeds from this offering, although it may accelerate the time at which we will need to seek additional capital.

The principal purposes of this offering are to increase our financial flexibility, create a public market for our common stock and facilitate our future access to the capital markets. Although we have not yet determined with certainty the manner in which we will allocate the net proceeds of this offering, we expect to use the net proceeds from this offering for working capital and other general corporate purposes, including investments in sales and marketing in the United States and internationally and in research and development. We may also use a portion of the net proceeds to repay all or a portion of the outstanding principal and interest under our debt facility with Orix Growth Capital, LLC, formerly known as Orix Ventures LLC, which had an outstanding principal balance of approximately $13.5 million as of March 31, 2017 and which bears interest at the greater of: (i) the average prime rate in effect during each month or (ii) the average three-month LIBOR rate during such month, plus 2.5% per annum, plus 7.5% with a minimum rate of 11%. The terms of the debt facility are more fully described in "Management Discussion and Analysis of Financial Condition and Results of Operations." In addition, we may use a portion of the net proceeds from this offering for acquisitions or strategic investments in complementary businesses or technologies, although we do not currently have any plans for any such acquisitions or investments. We have not allocated specific amounts of net proceeds for any of these purposes.

The expected use of net proceeds from this offering represents our intentions based upon our present plans and business conditions. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses set forth above. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. The timing and amount of our actual expenditures will be based on many factors, including cash flows from operations and the anticipated growth of our business. Pending their use, we intend to invest the net proceeds of this offering in a variety of capital-preservation investments, including short-and intermediate-term, interest-bearing, investment-grade securities.

## DIVIDEND POLICY

We have never declared or paid any dividends on our capital stock. We currently intend to retain all available funds and any future earnings for the operation and expansion of our business and, therefore, we do not anticipate declaring or paying cash dividends in the foreseeable future. The payment of dividends will be at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in our current and future debt agreements, and other factors that our board of directors may deem relevant. We are subject to covenants under our debt arrangement that place restrictions on our ability to pay dividends.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2017:

- on an actual basis;
- on a pro forma basis, giving effect to (1) the automatic conversion of all outstanding shares of preferred stock into 4,689,753 shares of common stock immediately prior to the completion of this offering, (2) the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and (3) the reclassification of the convertible preferred stock warrant liability into additional paid-in capital immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to reflect the sale by us 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 the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read the information in this table together with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

| | As of March 31, 2017 | | |
|---|---|---|---|
| | Actual | Pro Forma | Pro Forma as Adjusted(1) |
| | (in thousands, except share and per share data) | | |
| Cash and cash equivalents | $ 2,413 | $ 2,413 | $ |
| Notes payable, current and non-current | $ 13,072 | $ 13,072 | $ |
| Convertible preferred stock warrant liability | $ 1,986 | $ — | $ |
| Convertible preferred stock: | | | |
| Series B-1 convertible preferred stock, $0.005 par value, 4,773,000 shares authorized, 3,848,023 shares outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted | $ 22,075 | — | — |
| Series A-2 convertible preferred stock, $0.005 par value, 1,177,000 shares authorized, 1,176,423 shares outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted | $ 20,000 | — | — |
| Stockholders' deficit: | | | |
| Preferred stock, $0.005 par value, no shares authorized, issued or outstanding, actual; shares authorized and no shares issued or outstanding, pro forma and pro forma as adjusted | — | — | |
| Common stock, $0.005 par value, 8,000,000 shares authorized and 1,623,171 shares issued and outstanding, actual; 6,312,924 shares issued and outstanding, pro forma; shares authorized and shares issued and outstanding, pro forma as adjusted | $ 8 | $ 40 | $ |
| Additional paid-in capital | $ 30,431 | $ 74,492 | $ |
| Accumulated deficit | $ (89,176) | $ (89,176) | $ |
| Accumulated other comprehensive loss | $ (15) | $ (15) | |
| Total stockholders' deficit | $ (58,752) | $ (14,659) | $ |
| Total capitalization | $ (1,619) | $ (1,587) | $ |

(1) The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering to be determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) each of cash and cash equivalents, additional paid-in capital, total stockholders' deficit and total capitalization by approximately $ million, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) each of cash and cash equivalents, additional paid-in capital, total stockholders' deficit and total capitalization by approximately $ million, assuming the assumed initial public offering price remains the same, after deducting the estimated underwriting discounts and commissions.

The number of shares of common stock that will be outstanding after this offering is based on 6,312,924 shares of common stock outstanding as of March 31, 2017, and excludes as of such date:

- 1,308,248 shares of common stock issuable upon the exercise of outstanding stock options pursuant to our 2005 Plan at a weighted-average exercise price of $1.1834 per share;
- 680,027 shares of common stock issuable upon the exercise of outstanding warrants at an weighted-average exercise price of $4.5527 per share, which warrants, prior to the completion of this offering, are exercisable to purchase shares of our Series B-1 preferred stock;
- 61,363 shares of common stock issuable upon the exercise of the March 2017 Warrant, which, prior to completion of this offering, is exercisable to purchase shares of our Series B-1 preferred stock;
- 6,975 shares of common stock issuable upon the exercise of stock options granted after March 31, 2017 under our 2005 Plan at a weighted-average exercise price of $3.06 per share;
- shares of common stock issuable upon exercise of warrants issuable to the underwriters in this offering, which will have an exercise price equal to 120% of the price per share at which the shares offered hereby are sold;
- shares of common stock to be reserved for future issuance under our 2017 Plan, which will become effective upon the execution of the underwriting agreement related to this offering, including (i) an aggregate of shares of common stock reserved for issuance under our 2005 Plan at the time that our 2017 Plan becomes effective, which shares will be added to the shares reserved under the 2017 Plan, plus (ii) additional shares that may be added to the 2017 Plan on the expiration, termination, forfeiture, or other reacquisition of any shares of common stock issuable on the exercise of stock options outstanding under the 2005 Plan, plus (iii) any automatic increases in the number of shares of common stock reserved for future issuance under the 2017 Plan;
- shares of common stock to be reserved for issuance under our ESPP, which will become effective in connection with this offering, and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year.

## DILUTION

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

Our historical net tangible book value as of March 31, 2017 was $(16.7) million, or $(10.31) per share of common stock. Our historical net tangible book value per share represents our total tangible assets less our total liabilities, divided by the number of shares of common stock outstanding as of March 31, 2017.

Our pro forma net tangible book value as of March 31, 2017 was $(16.7) million, or $(2.65) per share of common stock. Pro forma net tangible book value per share represents our total tangible assets less our total liabilities, divided by the number of shares of common stock outstanding as of March 31, 2017, after giving effect to the conversion of all of our outstanding shares of our preferred stock into an aggregate of 4,689,753 shares of common stock immediately prior to the closing of this offering.

Our pro forma as adjusted net tangible book value represents our pro forma net tangible book value, plus the effect of (1) 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 underwriting discounts and commissions and estimated offering expenses payable by us and (2) the use of $ million in net proceeds to repay a portion of our debt facility with Orix Growth Capital, LLC. Our pro forma as adjusted net tangible book value as of March 31, 2017 was million, or $ per share of common stock. This amount represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders.

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

| | | |
|---|---|---|
| Assumed initial public offering price per share | | $ |
| Historical net tangible book value per share as of March 31, 2017 | $ (10.31) | |
| Increase per share attributable to the pro forma transactions described above | $ 7.66 | |
| Pro forma net tangible book value per share as of March 31, 2017 | $ (2.65) | |
| Increase in pro forma net tangible book value per share attributed to new investors purchasing shares from us in this offering | $ | |
| Pro forma as adjusted net tangible book value per share after giving effect to this offering | | $ |
| Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering | | $ |

The dilution information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering to be determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the pro forma as adjusted net tangible book value per share by approximately $ , assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions. 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 by approximately $ , assuming the assumed initial public offering price remains the same, after deducting the estimated underwriting discounts and commissions.

The following table summarizes as of March 31, 2017 on the pro forma as adjusted basis described above, the number of shares of our common stock, the total consideration and the average price per share (1) paid to us by our existing stockholders and (2) to be paid by investors purchasing our common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

| | Shares Purchased | | Total Consideration | | Average Price Per Share |
|---|---|---|---|---|---|
| | Number | Percent | Amount | Percent | |
| Existing Investors | 6,312,924 | | $ 70,775,041 | | $ 11.21 |
| New Investors | | | | | |
| Total | | 100% | | 100% | |

The number of shares that will be outstanding after this offering is based on 6,312,924 shares of common stock outstanding as of March 31, 2017, and excludes as of such date:

- 1,308,248 shares of common stock issuable upon the exercise of outstanding stock options pursuant to our 2005 Plan at a weighted-average exercise price of $1.1834 per share;
- 680,027 shares of common stock issuable upon the exercise of outstanding warrants at a weighted-average exercise price of $4.5527 per share, which warrants, prior to the completion of this offering, are exercisable to purchase shares of our Series B-1 preferred stock;
- 61,363 shares of common stock issuable upon the exercise of the March 2017 Warrant, which, prior to completion of this offering, is exercisable to purchase shares of our Series B-1 preferred stock;
- 6,975 shares of common stock issuable upon the exercise of stock options granted after March 31, 2017 under our 2005 Plan at a weighted-average exercise price of $3.06 per share;
- shares of common stock issuable upon exercise of warrants issuable to the underwriters in this offering, which will have an exercise price equal to 120% of the price per share at which the shares offered hereby are sold;
- shares of common stock to be reserved for future issuance under our 2017 Plan, which will become effective upon the execution of the underwriting agreement related to this offering, including (i) an aggregate of shares of common stock reserved for issuance under our 2005 Plan at the time that our 2017 Plan becomes effective, which shares will be added to the shares reserved under the 2017 Plan, plus (ii) additional shares that may be added to the 2017 Plan on the expiration, termination, forfeiture, or other reacquisition of any shares of common stock issuable on the exercise of stock options outstanding under the 2005 Plan, plus (iii) any automatic increases in the number of shares of common stock reserved for future issuance under the 2017 Plan; and
- shares of common stock to be reserved for issuance under our ESPP, which will become effective in connection with this offering, and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year.

To the extent that options or warrants are exercised, new options or other securities are issued under our equity incentive plans, or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering. In addition, we may choose to raise additional capital because of market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read together with our consolidated financial statements and related notes, as well as the information found under the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. We derived the selected consolidated financial data as of and for the years ended December 31, 2015 and 2016 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the unaudited consolidated financial data for the three months ended March 31, 2016 and 2017 and as of March 31, 2017 from our unaudited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| | (in thousands, except per share data) | | | |
| **Consolidated Statements of Operations Data:** | | | | |
| Revenues | $ 11,791 | $ 15,507 | $ 3,044 | $ 4,562 |
| Cost of revenues(1) | 8,304 | 9,549 | 2,197 | 2,675 |
| | 3,487 | 5,958 | 847 | 1,887 |
| Operating expenses: | | | | |
| Sales and marketing(1) | 3,841 | 4,475 | 1,001 | 1,108 |
| Research and development(1) | 3,359 | 4,093 | 1,148 | 1,034 |
| General and administrative(1) | 1,807 | 2,362 | 548 | 930 |
| Total operating expenses | 9,007 | 10,930 | 2,697 | 3,072 |
| Loss from operations | (5,520) | (4,972) | (1,850) | (1,185) |
| Other expense: | | | | |
| Interest expense, net | (643) | (1,317) | (301) | (365) |
| Remeasurement from convertible preferred stock warrant liability | — | (524) | — | — |
| Other expense, net | (28) | (47) | (8) | (11) |
| Net loss | $ (6,191) | $ (6,860) | $ (2,159) | $ (1,561) |
| Net loss per share: | | | | |
| Basic and diluted | $ (3.99) | $ (4.28) | $ (1.36) | $ (0.93) |
| Weighted average common shares used to compute net loss per share: | | | | |
| Basic and diluted | 1,552,780 | 1,602,402 | 1,591,635 | 1,678,326 |
| Pro forma net loss per share (unaudited): | | | | |
| Basic and diluted(2) | | $ (1.01) | | $ (0.25) |
| Pro forma weighted average common shares outstanding (unaudited): | | | | |
| Basic and diluted(2) | | 6,292,155 | | 6,368,079 |

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

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| | (in thousands) | | | |
| Stock-based compensation expense: | | | | |
| Cost of revenues | $ 13 | $ 11 | $ 3 | $ 2 |
| Sales and marketing | 13 | 7 | 2 | 5 |
| Research and development | 32 | 18 | 4 | 7 |
| General and administrative | 79 | 47 | 8 | 9 |
| Total stock-based compensation expense | $ 137 | $ 83 | $ 17 | $ 23 |
| Depreciation and amortization expense: | | | | |
| Cost of revenues | $ 2,125 | $ 2,462 | $ 560 | $ 660 |
| Sales and marketing | 40 | 31 | 11 | 7 |
| Research and development | 53 | 39 | 9 | 7 |
| General and administrative | 46 | 19 | 5 | 5 |
| Total depreciation and amortization expense | $ 2,264 | $ 2,551 | $ 585 | $ 679 |

(2) Pro forma basic and diluted net loss per share represents pro forma net loss divided by the pro forma weighted-average common shares outstanding. Pro forma weighted-average shares outstanding reflects the conversion of all outstanding shares of common stock and convertible preferred stock into common stock as though the conversion had occurred on the last day of the relevant period. See Note 10 to our consolidated financial statements appearing elsewhere in this prospectus for further details on the calculation of basic and diluted net loss per share attributable to common stockholders.

| | As of December 31, | | March 31, |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| | | | (unaudited) |
| | (in thousands) | | |
| **Consolidated Balance Sheet Data:** | | | |
| Cash and cash equivalents | $ 4,124 | $ 3,865 | $ 2,413 |
| Accounts receivable | $ 2,666 | $ 2,410 | $ 4,356 |
| Deferred revenue, current and non-current | $ 9,756 | $ 13,975 | $ 15,463 |
| Working capital | $ (2,415) | $ (8,353) | $ (10,705) |
| Notes payable, current and non-current | $ 9,565 | $ 11,679 | $ 13,072 |
| Convertible preferred stock warrant liability | $ 1,351 | $ 1,875 | $ 1,986 |
| Total stockholders' deficit | $ 50,452 | $ 57,206 | $ 58,752 |

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

*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

### Overview

We are the leader in gunshot detection solutions that help law enforcement officials and security personnel deter and prevent gun violence. We offer our software solutions on a SaaS-based subscription model to customers around the world with current customers located in the United States, Puerto Rico, the U.S. Virgin Islands and South Africa. Our public safety solution, ShotSpotter Flex, is deployed in urban, high-crime areas to help deter gun violence by accurately detecting and locating gunshots and sending near real-time alerts to law enforcement. Our security solutions, SST SecureCampus and ShotSpotter SiteSecure, are designed to help law enforcement and security personnel serving universities, corporate campuses and key infrastructure or transportation centers mitigate risk and enhance security by notifying authorities and first responders of an active-shooter event almost immediately. The speed and accuracy of our solutions enable rapid response by law enforcement and security personnel, increase the chances of apprehending the shooter, aid in evidentiary collection and serve as an overall deterrent.

Our solutions consist of our highly-specialized, cloud-based software integrated with proprietary, internet-enabled sensors and communication networks. When a potential gunfire incident is detected by our sensors, our software precisely locates where the incident occurred. An alert containing critical information about the incident is transmitted directly to law enforcement or security personnel through any computer and to iPhone® or Android mobile devices.

Historically, we sold our public safety solution, ShotSpotter Flex, on a perpetual software license basis. In 2011, we transitioned our business model to sell this solution on a subscription basis. We generate annual subscription revenues from the deployment of our public safety solution on a per-square-mile basis. As of March 31, 2017, we had 74 public safety customers with coverage areas of approximately 450 square miles in 89 cities and municipalities across the United States, including four of the ten largest cities. In 2014, we began selling two security solutions, SST SecureCampus and ShotSpotter SiteSecure, which are typically sold on a subscription basis, each with a customized deployment plan. As of March 31, 2017, we had six security customers covering seven higher-education campuses, of which five had their solutions fully deployed.

We enter into subscription agreements on a term basis that typically range from one to five years in duration, with the majority having a contract term of one year. Substantially all of our sales are to governmental agencies and universities which often undertake a prolonged contract evaluation process that affects the size or the timing of our sales contracts and may likewise increase our customer acquisition costs. Likewise, governmental agencies also often undertake an extended process to renew their contracts which can take anywhere from four months to over a year past the initial contract expiration date. This extended renewal process for governmental agencies may result in fluctuations in our revenues. For example, many of our contracts come due for renewal on December 31 and June 30 of each contract year. Therefore, we typically experience a cyclical reduction in first-quarter and third-

quarter revenues, and a corresponding recapture of those revenues in the subsequent quarters due to renewals that are not executed until after the end of these respective periods. For a discussion of the risks associated with our sales cycle, see risks entitled "Our sales cycle can be unpredictable, time-consuming and costly, and our inability to successfully complete sales could harm our business" and "Because we generally recognize our subscription revenues ratably over the term of our contract with a customer, fluctuations in sales will not be fully reflected in our operating results until future periods" in the Risk Factors section included in this prospectus.

We rely on a limited number of suppliers and contract manufacturers to produce components of our solutions. We have no long-term contracts with these manufacturers and purchase from them on a purchase-order basis. Our outsourced manufacturers generally procure the components directly from third-party suppliers. Our contract manufacturers handle fulfillment and shipment of our products, but do not hold inventory. Although we use a limited number of suppliers and contract manufacturers, we believe that we could find alternate suppliers or manufacturers if circumstances required us to do so, in part because a significant portion of the components required by our solutions is available off the shelf. For a discussion of the risks associated with our limited number of suppliers, see risk entitled "We rely on a limited number of suppliers and contract manufacturers, and our proprietary ShotSpotter sensors are manufactured by a single contract manufacturer" in the Risk Factors section included in this prospectus.

We generated revenues of $11.8 million and $15.5 million for the years ended December 31, 2015 and 2016, respectively, a year-over-year increase of 32%. The increase was attributable to an increase in the number of customers. For 2015 and 2016, revenues from our ShotSpotter Flex public safety solution were approximately 98% of total revenues. While we intend to continue to devote resources to increase sales of our SST SecureCampus and ShotSpotter SiteSecure Solutions, we expect that revenues from our ShotSpotter Flex solution will continue to comprise a majority of our revenues going forward. For the year ended December 31, 2016, our two largest customers, the City of New York and the Puerto Rico Housing Administration, each accounted for 12% of our total revenues.

We generated revenues of $3.0 million and $4.6 million for the three months ended March 31, 2016 and 2017, respectively, a year-over-year increase of 50%. For both of the three months ended March 31, 2016 and 2017, revenues from our ShotSpotter Flex public safety solutions represented 100% of our total revenues. For the three months ended March 31, 2016, one customer, the Puerto Rico Housing Administration, accounted for 11% of our total revenues. For the three months ended March 31, 2017, our two largest customers, the City of New York and the Puerto Rico Housing Administration, accounted for 17% and 10%, respectively, of our total revenues. The increase in revenues from the three months ended March 31, 2016 to the three months ended March 31, 2017 was attributable to an increase in the number of customers. All of our revenues for 2015 and over 97% of our revenues for 2016 were derived from customers within the United States (including Puerto Rico and the U.S. Virgin Islands). Over 96% of our revenues for the three months ended March 31, 2017 were derived from customers within the United States (including Puerto Rico and the U.S. Virgin Islands). The remaining revenues were attributed to our customer in South Africa.

We have not yet achieved profitability and had net losses of $6.2 million, $6.9 million and $1.6 million for the years ended December 31, 2015 and 2016 and the three months ended March 31, 2017, respectively. Our accumulated deficit was $80.8 million, $87.6 million and $89.2 million as of December 31, 2015 and 2016 and March 31, 2017, respectively.

We have focused on rapidly growing our business and believe that its future growth is dependent on many factors, including our ability to increase our customer base, expand the coverage of our solutions among our existing customers, increase sales of our security solutions, and expand our international presence. Our future growth will primarily depend on the market acceptance for gunshot

detection solutions. Challenges we face in this regard include our target customers not having access to adequate funding sources, the fact that contracting with government entities can be complex, expensive time-consuming and the fact that our typical sales cycle is often very long and can be costly. To combat these challenges, we intend to continue to maintain our position as a market leader, invest in research and development, increase awareness of our solutions, and hire additional sales representatives to drive sales. In addition, we believe that entering into strategic partnerships with other service providers to cities and municipalities offers another potential avenue for expansion, particularly for our ShotSpotter Flex solution.

We will also focus on expanding our business by increasing sales of our security solutions. By developing additional solutions through SST SecureCampus and ShotSpotter SiteSecure, we believe that our potential for growth has increased and that we are still in the early stages of penetrating the market for our security solutions. Our ability to penetrate these new markets will depend on the quality of our solutions and their perceived value as a risk management tool, as well as our ability to design our solutions to meet the demands of these customers. If these security solution markets do not develop as we expect, our revenues may not grow at the rate we expect.

With respect to international sales, we believe that we have the potential to expand our coverage within South Africa and to pursue opportunities in Europe, South America and other regions of the world. By adding additional sales resources in strategic locations, we believe we will be better positioned to reach these markets. However, we recognize that we have limited international operational experience and currently operate only in three regions outside the United States: Puerto Rico, the U.S. Virgin Islands and South Africa. Operating successfully in international markets will require significant resources and management attention and will subject us to additional regulatory, economic and political risks. Moreover, we anticipate that different political and regulatory considerations that vary across different jurisdictions could extend what is already a lengthy sales cycle.

Given the importance of these strategies and challenges we face, we expect to continue to incur losses in the near term and, if we are unable to achieve our growth objectives, we may not be able to achieve profitability.

**Key Business Metrics**

We focus primarily on two key business metrics in order to measure our operational performance and inform strategic decisions. The key business metrics presented below are calculated annually using internal data and may be calculated in a manner different than similar metrics used by other companies.

| | Year Ended December 31, | |
|---|---|---|
| | 2015 | 2016 |
| Revenue retention rate | 112% | 127% |
| Sales and marketing spend per $1.00 of new annualized contract value | $ 0.37 | $ 0.28 |

***Revenue Retention Rate***

We calculate our revenue retention rate for a period by dividing the (a) total revenues for such year from those customers who were customers during the corresponding prior year by (b) the total revenues from all customers in the corresponding prior year. For the purposes of calculating our revenue retention rate, we count as customers all entities with which we had contracts in the applicable year. We focus on our revenue retention rate because we believe that this metric provides insight into revenue related to and retention of existing customers. If our revenue retention rate for a year exceeds 100%, as it did in the years presented above, this indicates a low churn and means that the revenues

retained during the year, including customer expansions, more than offset the revenues that we lost from customers that did not renew their contracts during the year. We measure revenue retention rate on an annual basis.

***Sales and Marketing Spend per $1.00 of New Annualized Contract Value***

We calculate sales and marketing spend as the total sales and marketing expense during a year divided by the first 12 months of contract value for contracts entered into during the same year. We use this metric to measure the efficiency of our sales and marketing operations in acquiring customers, renewing customer contracts and expanding their coverage areas. We measure sales and marketing spend on an annual basis.

**Components of Results of Operations**

***Presentation of Financial Statements***

Our consolidated financial statements include the accounts of our wholly owned South African subsidiary, ShotSpotter (Pty) Ltd. All intercompany balances and transactions have been eliminated in consolidation.

***Revenues***

We derive substantially all of our revenues from subscription services. We recognize subscription fees ratably, on a straight-line basis, over the term of the subscription, which for new customers is typically initially one to five years in length. Customer contracts include one-time set-up fees for the set-up of our sensors in the customer's coverage areas, training and third-party integration licenses. These set-up fees are recognized ratably, on a straight-line basis, over the estimated customer life of five years.

We generally invoice customers for 50% of the total contract value when the contract is fully executed and for the remaining 50% when the subscription service is operational and ready to go live – that is, when the customer has acknowledged the completion of all the deliverables in the signed customer acceptance form. All fees billed in advance of services being delivered are recorded as deferred revenue. For our public safety solution, our pricing model is based on a per-square-mile basis. For our security solutions, our pricing model is on a customized-site basis. As a result of our process for invoicing contracts and renewals upon execution, our cash flow from operations and accounts receivable can fluctuate due to timing of contract execution and timing of deployment.

We generally invoice subscription service renewals for 100% of the total contract value when the renewal contract is executed. Renewal fees are recognized ratably over the term of the renewal, which is typically one year. While most of our customers elect to renew their agreements, in some cases, they may not be able to obtain the proper approvals or funding to complete the renewal prior to expiration. For these customers, we stop recognizing subscription revenues at the end of the current contract term, even though we may continue to provide services for a period of time until the renewal process is completed. Once the renewal is complete, we then recognize subscription revenues for the period between the expiration of the term of the agreement and the completion of the renewal process in the month in which the renewal is executed.

***Cost of Revenues***

Cost of revenues primarily includes depreciation expense associated with capitalized customer acoustic sensor networks, telecommunications expenses, costs related to hosting our service application, costs related to operating our IRC, providing remote and on-site customer support and maintenance

and forensic services, certain personnel and related costs of operations, stock-based compensation and allocated overhead, which includes IT, facility and equipment depreciation costs.

In the near term, we expect our cost of revenues to increase in absolute dollars to the extent our installed base increases, but decrease as a percentage of revenues because certain of our costs of revenues are fixed and do not need to increase commensurate with increases in revenues. In addition, depreciation expense associated with deployed equipment is recognized only over the first five years of a customer contract.

***Operating Expenses***

Operating expenses consist of sales and marketing, research and development, and general and administrative expenses. Salaries, bonuses, stock-based compensation expense and other personnel costs are the most significant components of each of these expense categories. We include stock-based compensation expense incurred in connection with the grant of stock options to the applicable operating expense category based on the equity award recipient's functional area.

We are focused on executing on our growth strategy. As a result, in the near term we expect our total operating expenses to increase in absolute dollars as we incur additional expenses due to growth and as a result of operating as a public company. Although our operating expenses will fluctuate, we expect that over time, they will generally decrease as a percentage of revenues.

***Sales and Marketing***

Sales and marketing expenses primarily consist of personnel-related costs attributable to our sales and marketing personnel, commissions earned by our sales personnel, marketing expenses for trade shows, conferences and conventions, consulting fees, travel and facility-related costs and allocated overhead.

In the near term, we expect our sales and marketing expenses to increase in absolute dollars primarily due to planned growth in our sales and marketing organization. This growth will include adding sales and marketing personnel and expanding our marketing activities to continue to generate additional leads. Sales and marketing expense may fluctuate from quarter to quarter based on the timing of commission expense, marketing campaigns and tradeshows.

***Research and Development***

Research and development expenses primarily consist of personnel-related costs attributable to our research and development personnel, consulting fees and allocated overhead. We have devoted our product development efforts primarily to develop new lower-cost sensor hardware, develop new features including a mobile application, improve functionality of our solutions and adapt to new technologies or changes to existing technologies.

In the near term, we expect our research and development expenses to increase in absolute dollars as we increase our research and development headcount to further strengthen our software and invest in the development of our service.

***General and Administrative***

General and administrative expenses primarily consist of personnel-related costs attributable to our executive, finance, and administrative personnel, legal, accounting and other professional services fees, other corporate expenses and allocated overhead. We have recently incurred additional expenses due to expanding our operations and preparing to become and operate as a public company, and will continue to incur additional expenses associated with being a public company, including increased personnel, legal, insurance and accounting expenses, and the additional costs of achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act and other regulations.

In the near term, we expect our general and administrative expenses to increase significantly in absolute dollars as we grow our business, support our operations as a public company and increase our headcount.

***Other Expense, Net***

Other expense, net, consists primarily of interest expense on our outstanding debt, and gains and losses from the remeasurement of our convertible preferred stock warrant liability. The convertible preferred stock warrant liability will be classified as additional paid-in capital upon the completion of a public offering as the warrants will be exercisable for common stock, and will no longer be remeasured at each balance sheet date.

**Results of Operations**

**Comparison of Three Months Ended March 31, 2016 and 2017**

The following table sets forth our consolidated statements of operations data for the three months ended March 31, 2016 and 2017:

| | Three months ended March 31, 2016 | As a % of Revenues | Three months ended March 31, 2017 | As a % of Revenues | Change $ | Change % |
|---|---|---|---|---|---|---|
| Revenues | $ 3,044 | 100% | $ 4,562 | 100% | $ 1,518 | 50% |
| Cost of revenues | 2,197 | 72% | 2,675 | 59% | 478 | 22% |
| Gross profit | 847 | 28% | 1,887 | 41% | 1,040 | 123% |
| Operating expenses: | | | | | | |
| Sales and marketing | 1,001 | 33% | 1,108 | 24% | 107 | 11% |
| Research and development | 1,148 | 38% | 1,034 | 23% | (114) | (10)% |
| General and administrative | 548 | 18% | 930 | 20% | 382 | 70% |
| Total operating expenses | 2,697 | 89% | 3,072 | 67% | 375 | 14% |
| Loss from operations | (1,850) | (61)% | (1,185) | (26)% | 665 | (36)% |
| Other expense, net | (309) | (10)% | (376) | (8)% | (67) | 22% |
| Net loss | $ (2,159) | (71)% | $ (1,561) | (34)% | $ 598 | (28)% |

***Revenues***

The increase in revenues of $1.5 million for the three months ended March 31, 2017 was attributable to $1.1 million from expansions of existing customer coverage areas, $0.5 million from new customer solutions deployed during the period, and $0.1 million related primarily to revenues from customer solutions that were deployed during the three months ended March 31, 2016 for which we recognized a full quarter of revenues during the corresponding period in 2017, offset by a decrease from existing customers of $0.2 million due to late-renewing and non-renewing customers.

***Cost of Revenues***

The increase of $0.5 million for the three months ended March 31, 2017 was due to increased costs associated with our larger customer base, including a $0.2 million increase in operating costs incurred in providing remote and on-site customer support, maintenance costs and telecommunications expenses, a $0.2 million increase in personnel-related expenses from higher bonus accruals and an increase in our operations headcount, and a $0.1 million increase in depreciation expense for property and equipment related to customer installations.

Gross margin percentage for the three months ended March 31, 2017 increased 13 percentage points as certain cost of revenues are fixed and did not increase commensurate with revenues.

***Operating Expenses***

*Sales and Marketing Expense*

The increase of $0.1 million for the three months ended March 31, 2017 was attributable to an increase in personnel-related expenses due to an increase in headcount and an increase in sales commissions.

*Research and Development Expense*

The decrease of $0.1 million in research and development expense for the three months ended March 31, 2017 was primarily due to decreased consulting expenses related to prototype development of our next-generation sensors that were incurred in 2016. In the three months ended March 31, 2017, our research and development efforts moved past the prototype development stage, resulting in lower research and development expense.

*General and Administrative Expense*

The increase of $0.4 million in general and administrative expense for the three months ended March 31, 2017 was due primarily to a $0.2 million increase in professional fees as we prepare to become and operate as a public company, and a $0.2 million increase in salaries and bonuses primarily from an increase in headcount, including the addition of a company executive.

*Other Expense, Net*

The increase of $0.1 million in other expense, net during the three months ended March 31, 2017 was due to increased interest expense from an additional $2.0 million in borrowings.

**Comparison of Years Ended December 31, 2015 and 2016**

The following table sets forth our selected consolidated statements of operations data for the years ended December 31, 2015 and 2016:

| | 2015 | As a % of Revenues | 2016 | As a % of Revenues | Change $ | Change % |
|---|---|---|---|---|---|---|
| | (dollars in thousands) | | | | | |
| Revenues | $ 11,791 | 100 | $ 15,507 | 100 | $ 3,716 | 32 |
| Cost of revenues | 8,304 | 70 | 9,549 | 62 | 1,245 | 15 |
| Gross profit | 3,487 | 30 | 5,958 | 38 | 2,471 | 71 |
| Operating expenses: | | | | | | |
| Sales and marketing | 3,841 | 33 | 4,475 | 29 | 634 | 17 |
| Research and development | 3,359 | 28 | 4,093 | 26 | 734 | 22 |
| General and administrative | 1,807 | 15 | 2,362 | 15 | 555 | 31 |
| Total operating expenses | 9,007 | 76 | 10,930 | 70 | 1,923 | 21 |
| Loss from operations | (5,520) | (47) | (4,972) | (32) | 548 | (10) |
| Other expense, net | (671) | (6) | (1,888) | (12) | (1,217) | 181 |
| Net loss | $ (6,191) | (53) | $ (6,860) | (44) | $ (669) | 11 |

***Revenues***

The 2016 increase in revenues of $3.7 million was attributable to $2.2 million from expansions of existing customer coverage areas, $1.0 million of new customer solutions that went live during the

period, and $1.0 million related primarily to revenues from customer solutions that went live in 2015 and for which we recognized a full year of revenues in 2016, offset by a decrease from existing customers of $0.3 million, due to non-renewing and late-renewing customers.

***Cost of Revenues***

The 2016 increase in cost of revenues of $1.2 million was attributable to a $0.5 million increase in salaries, benefits and bonuses, a $0.4 million increase in operating costs, which includes costs incurred in providing remote and on-site customer support and maintenance services, telecommunications expenses, infrastructure hosting for our service application and costs related to operating our IRC, and $0.3 million in increased depreciation expense for property and equipment related to customer installations.

Gross margin percentage for 2016 increased eight percentage points as certain cost of revenues are fixed and do not need to increase commensurate with revenues.

***Operating Expenses***

*Sales and Marketing Expense*

The 2016 increase in sales and marketing expense of $0.6 million consisted of $0.3 million in sales commissions, $0.2 million in salaries, benefits and bonuses, partly due to an increase in headcount, and $0.2 million in expenses for trade shows, conventions and conferences, and promotion costs.

*Research and Development Expense*

The 2016 increase in research and development expense of $0.7 million was primarily due to a $0.3 million increase in salaries, benefits and bonuses for research and development personnel, and a $0.4 million increase in consulting fees related to the development of our mobile applications and next-generation outdoor and indoor sensors.

*General and Administrative Expense*

The 2016 increase in general and administrative expense of $0.6 million was primarily due to a $0.3 million increase in salaries, benefits and bonuses due to an increase in headcount, and a $0.2 million in professional fees consisting primarily of consulting and legal fees.

*Other Expense, Net*

The 2016 increase in other expense, net, of $1.2 million was attributable to an increase in interest expense due under our term loan of $0.7 million as a result of the additional $2 million borrowed in 2016. In 2016, we also recognized a full year of interest expense for the $10 million term note that we executed in 2015. The 2016 increase was also attributable to a $0.5 million loss on the remeasurement of the convertible preferred stock warrant liability. See Note 7 of our consolidated financial statements included elsewhere in this prospectus for information regarding the term notes.

***Quarterly Results of Operations***

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the nine quarters ended March 31, 2017. We have prepared the quarterly financial data on the same basis as the audited consolidated financial statements included in this prospectus. In our opinion, the quarterly financial data reflects all adjustments, consisting only of normal recurring adjustments, which we consider necessary for a fair presentation of this data. This quarterly financial data should be read in conjunction with our consolidated financial statements and related notes

included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

| | Three Months Ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mar. 31, 2015 | Jun. 30, 2015 | Sep. 30, 2015 | Dec. 31, 2015 | Mar. 31, 2016 | Jun. 30, 2016 | Sep. 30, 2016 | Dec. 31, 2016 | March 31, 2017 |
| | (in thousands) | | | | | | | | |
| Revenues | $ 2,605 | $ 2,841 | $ 3,008 | $ 3,337 | $ 3,044 | $ 3,935 | $ 3,977 | $ 4,551 | $ 4,562 |
| Cost of revenues | 1,929 | 1,973 | 2,309 | 2,093 | 2,197 | 2,434 | 2,400 | 2,518 | 2,675 |
| Gross profit | 676 | 868 | 699 | 1,244 | 847 | 1,501 | 1,577 | 2,033 | 1,887 |
| Operating expenses: | | | | | | | | | |
| Sales and marketing | 881 | 903 | 1,006 | 1,051 | 1,001 | 1,335 | 1,098 | 1,041 | 1,108 |
| Research and development | 837 | 827 | 877 | 818 | 1,148 | 1,038 | 1,007 | 900 | 1,034 |
| General and administrative | 422 | 468 | 471 | 446 | 548 | 558 | 568 | 688 | 930 |
| Total operating expenses | 2,140 | 2,198 | 2,354 | 2,315 | 2,697 | 2,931 | 2,673 | 2,629 | 3,072 |
| Operating loss | (1,464) | (1,330) | (1,655) | (1,071) | (1,850) | (1,430) | (1,096) | (596) | (1,185) |
| Other expense, net | (81) | (89) | (98) | (403) | (309) | (868) | (443) | (268) | (376) |
| Net loss | $ (1,545) | $ (1,419) | $ (1,753) | $ (1,474) | $ (2,159) | $ (2,298) | $ (1,539) | $ (864) | $ (1,561) |

The sequential increases in our quarterly revenues were due primarily to new customer deployments and expansions of existing customer coverage areas that were deployed during the period. The decrease in revenues in the first quarter of 2016 from the fourth quarter of 2015, the relatively flat revenue changes between the first quarter of 2017 and the fourth quarter of 2016, and between the second and third quarters of 2016 were primarily due to the cyclical reduction in first-quarter and third-quarter revenues that we experience because of delays in the renewal of existing customer contracts.

The sequential increases in our cost of revenues were primarily due to increased depreciation and telecommunications expenses resulting from new customer deployments and expansions of existing customer coverage areas. The higher cost of revenues in the third quarter of 2015 and second quarter of 2016 reflect the timing of providing on-site maintenance services.

Our operating expenses generally have increased sequentially for the periods presented due primarily to increases in headcount and other related expenses to support our growth. We anticipate our operating expenses will continue to increase in absolute dollars as we invest in the long-term growth of our business. Our gross profit has increased sequentially for the periods presented due primarily to greater growth in revenues than expenses.

**Liquidity and Capital Resources**

***Sources of Funds***

To date, we have financed our operations primarily through net proceeds from the sale of equity, debt financing arrangements and cash from operating activities. Our principal source of liquidity is cash and cash equivalents totaling $2.4 million as of March 31, 2017.

***Use of Funds***

Our historical uses of cash have primarily consisted of cash used for operating activities, such as expansion of our sales and marketing operations, research and development activities and other working capital needs, and cash used in investing activities, such as property and equipment expenditures to install infrastructure in customer cities in order to deliver our solutions.

***Credit Facilities***

In November 2014, we entered into a loan and security agreement with East West Bank for general working capital purposes. The agreement allowed for borrowings of up to $3 million under a term note, and up to $7 million under a line of credit. Borrowings under the term note bore interest of 5.75% (prime rate of 3.25%, plus 2.5%), with interest-only payments for 12 months, followed by 24 equal monthly installments of principal and interest. The line of credit allowed for borrowings up to the multiple equal to three times the current and contracted monthly recurring revenues and bore interest of 4.75% (prime rate of 3.25% plus 1.5%). In September 2015, we repaid the term note and line of credit in full with a portion of the borrowings under the Orix Loan Agreement described below, and the facility was terminated.

We are party to a Loan and Security Agreement with Orix Growth Capital, LLC, or the Orix Loan Agreement, which we use for general working capital purposes. The Orix Loan Agreement allows us to borrow up to $15.0 million under a term note, or the 2015 Term Note. Borrowings under the Orix Loan Agreement are secured by substantially all of the assets of the company and mature in October 2020. Borrowings bear interest at the greater of: (i) the average prime rate in effect during each month or (ii) the average three-month LIBOR rate during such month, plus 2.5% per annum, plus 7.5% with a minimum rate of 11% and with interest only payments for 12 months, followed by 36 equal monthly installments of principal and interest. The weighted-average interest rates in effect for the years ended December 31, 2015 and 2016 was 11%.

At March 31, 2017, outstanding borrowings under the 2015 Term Note were $13.5 million. The weighted-average interest rates in effect for the three months ended March 31, 2016 and 2017 were 11% and 11.33%, respectively. The remaining $1.5 million under the 2015 Term Note will be available for borrowing upon the achievement of certain revenue metrics.

We are subject to certain financial covenants which under the terms of the 2015 Term Note include: (1) attaining certain minimum recurring revenues; (2) maintain a minimum amount of unrestricted cash in deposit of not less than $1.0 million and increasing to $1.5 million by September 30, 2017. In order to access the remaining $1.5 million available under the 2015 Term Note, our total borrowings under the agreement must not exceed 75% of our three-month annualized recurring revenues. As of March 31, 2017, we have not yet achieved the minimum annualized recurring revenues that will enable us to access the remaining $1.5 million unfunded capacity. We expect to achieve the metric by the end of 2017.

The Orix Loan Agreement contains various negative covenants agreed to by us relating to mergers and business combinations, the acquisition or transfer of our assets outside of the ordinary course of business and liens and collateral relationships involving company assets. In addition, these covenants limit our ability to incur indebtedness, make loans, invest in or secure the obligations of other parties, pay or declare dividends, make distributions with respect to the company's securities, redeem outstanding shares of the company's stock, create subsidiaries, materially change the nature of our business, enter into related party transactions or reincorporate, reorganize or dissolve the company.

Certain events would cause us to be in default under the terms of the Orix Loan Agreement. For example, if we breach any warranty, representation, statement, or report made and delivered to Orix Growth Capital, LLC or fail to pay principal premium, any interest payment, or any other monetary obligation under the agreement within three business days after the date due, we would be in default. Our failure to comply with certain additional duties, including insurance requirements, reports, information rights and negative covenants or failure to prevent the levy, assessment, attachment, lien, seizure or encumbrance on all or part of the loan's collateral, such failure would cause a default under the Orix Loan Agreement. Other events of default include a breach of any material contract or obligation that could reasonably be expected to cause a material adverse change, a change in control of

the company, our dissolution, termination or insolvency, any material adverse change or a failure by us or our subsidiary to pay debts as they come due.

We have incurred cumulative losses of $89.2 million from our operations through March 31, 2017 and expect to incur additional losses in the future. We believe that our existing sources of liquidity, the additional term debt of $1.5 million with Orix Growth Capital, LLC, including our unfunded credit capacity of $1.5 million with Orix Growth Capital, LLC, will be sufficient to fund our operations for at least the next 12 months. The $1.5 million of additional borrowing capacity is subject to meeting certain revenue metrics. See Note 7 of our consolidated financial statements for further details regarding the additional financing and the revenue targets. Our future capital requirements will depend on many factors, including our rate of revenue growth, the timing and rate of expansion of our sales and marketing activities, and the timing and extent of our spending to support our research and development efforts. To the extent that existing cash and cash from operations are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing, which may not be available on acceptable terms, if at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition could be adversely affected.

*Cash Flows*

The following table presents a summary of our cash flows for the years ended December 31, 2015 and 2016 and the three months ended March 31, 2016 and 2017:

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| | | (in thousands) | | |
| Net cash provided by (used in): | | | | |
| Cash (used in) provided by operating activities | $ (3,503) | $ 2,257 | $ (452) | $ (1,875) |
| Cash used in investing activities | (2,180) | (4,554) | (1,020) | (1,084) |
| Cash provided by financing activities | 8,646 | 2,008 | 12 | 1,505 |
| Net change in cash and cash equivalents | $ 2,963 | $ (289) | $ (1,460) | $ (1,454) |

As of December 31, 2016 and March 31, 2017, $0.6 million and $90,000 in cash was held by our consolidated foreign subsidiary. In the three months ended March 31, 2017, we used $0.5 million of these funds to pay our U.S. parent company for services delivered in the year ended December 31, 2016 under an intercompany license agreement.

*Operating Activities*

For standard customer deployments, we typically achieve cash-flow breakeven, on a direct variable cost-basis, in less than a year from the date of execution of the contract. Our net loss and cash flows provided by operating activities are significantly influenced by our increase in headcount to support our growth, sales and marketing expenses, and our ability to bill and collect in a timely manner. Our net loss has been significantly greater than our use of cash for operating activities due to the inclusion of non-cash expenses and charges.

Operating activities used $1.9 million during the three months ended March 31, 2017, primarily from our net loss of $1.6 million and $1.0 million in cash used as a result of changes in operating assets and liabilities, partially offset by non-cash charges aggregating $0.7 million, primarily from depreciation and amortization. The change in operating assets and liabilities reflected a $1.9 million increase in accounts receivable due to increase in billings from customers renewing their contracts in the first

quarter of 2017, a $0.4 million decrease in accounts payable, partially offset by a $1.5 million increase in deferred revenues from new customer additions and contract renewals.

Operating activities used $0.5 million during the three months ended March 31, 2016, primarily from our net loss of $2.2 million, partially offset by $1.1 million in cash provided from changes in operating assets and liabilities, and non-cash changes aggregating $0.6 million, primarily from depreciation and amortization. The change in operating assets and liabilities reflected a $0.6 million increase in deferred revenue from new customer additions and contract renewals, and a $0.5 million increase in accounts receivables, primarily from an increase in billings during the quarter due to customers renewing their contracts in January.

Operating activities provided $2.3 million in 2016, primarily from $5.8 million in cash provided as a result of changes in operating assets and liabilities, and non-cash changes aggregating $3.3 million which was offset by our net loss of $6.9 million. Specifically, we recognized non-cash charges aggregating $2.6 million for depreciation and amortization of tangible and intangible assets, $0.1 million in amortization of debt issuance costs and $0.1 million in stock-based compensation. The change in operating assets and liabilities reflected a $4.2 million increase in deferred revenue as a result of new customer contracts, and $1.0 million increase in accrued liabilities, primarily due to bonus accruals as part of the bonus incentive plan implemented in 2016.

Operating activities used $3.5 million in 2015, primarily from our net loss of $6.2 million, which was offset by $2.6 million of non-cash charges. Specifically, we recognized non-cash charges aggregating $2.3 million for depreciation and amortization of tangible and intangible assets, $0.1 million in amortization of debt issuance costs, $0.1 million in stock based compensation.

***Investing Activities***

Our investing activities consist primarily of capital expenditures to install our solutions in customer coverage areas, purchases of property and equipment, and investment in intangible assets.

Investing activities used $1.1 million in cash during the three months ended March 31, 2017, primarily for property and equipment expenditures to install our solutions in customer coverage areas.

Investing activities used $1.0 million in cash during the three months ended March 31, 2016, primarily for property and equipment expenditures to install our solutions in customer coverage areas.

Investing activities used $4.6 million in cash in 2016, primarily for property and equipment expenditures to install our solutions in customer coverage areas, of which approximately $2.0 million relates to solutions that will be deployed in 2017.

Investing activities used $2.2 million in cash in 2015, primarily for property and equipment expenditures to install our solutions in customer coverage areas.

***Financing Activities***

Cash generated by financing activities includes borrowings under our term loans and proceeds from the sale of preferred stock. Cash used in financing activities includes repayments of debt under our credit facilities.

Financing activities provided $1.5 million in cash during the three months ended March 31, 2017 from our term loan of $1.5 million.

Financing activities provided $12,000 in cash during the three months ended March 31, 2016 from exercises of stock options.

Financing activities provided $2.0 million in cash in 2016, primarily from proceeds from our term loan of $2.0 million.

Financing activities provided $8.6 million in cash in 2015, primarily from proceeds from our Orix Loan Agreement of $10.0 million, proceeds from our East West Bank line of credit of $1.9 million, and $2.0 million in net proceeds from issuance of convertible preferred stock, offset by repayment of $3.1 million on our East West Bank term note and $1.9 million on our East West Bank line of credit.

**Contractual Obligations and Commitments**

The following table summarizes our commitments to settle contractual obligations as of December 31, 2016:

| | Less than 1 Year | 1 to 3 Years | 3 to 5 Years | More than 5 Years | Total |
|---|---|---|---|---|---|
| | | | (in thousands) | | |
| Debt obligation(1) | $ 2,026 | $ 13,217 | $ — | $ — | $ 15,243 |
| Operating lease(2) | 266 | 1,039 | 305 | — | 1,610 |
| | $ 2,292 | $ 14,256 | $ 305 | $ — | $ 16,853 |

(1) Debt obligation consists of principal and interest payments on our Orix Loan Agreement, but excludes unamortized debt issuance costs of $0.3 million. For more information regarding the Orix Loan Agreement, see Note 7 to our consolidated financial statements included elsewhere in this prospectus.

(2) Operating lease payments include total future minimum rent payments under non-cancelable operating lease agreement as described in Note 14 to our consolidated financial statements included elsewhere in this prospectus.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions and the approximate timing of the actions under the contracts. The table does not include purchase obligations that we can cancel without a significant penalty. These purchase obligations are cancellable at any time, however, we may be required to pay costs incurred through the cancellation date. Historically, we have rarely cancelled these agreements.

**Off-Balance Sheet Arrangements**

During the years ended December 31, 2015 and 2016 and the three months ended March 31, 2016 and 2017 we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements. We do not engage in off-balance sheet financing arrangements. In addition, we do not engage in trading activities involving non-exchange traded contracts.

**Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles, or GAAP. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of revenue, assets, liabilities, costs and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates. Our most critical accounting policies are summarized below. See Note 3 to our consolidated financial statements included elsewhere in this prospectus for a description of our other significant accounting policies.

***Revenue Recognition*** – We recognize revenues in accordance with ASC 605, *Revenue Recognition*, and, accordingly, when: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the sales price is fixed or determinable; and (iv) collection of the related receivable is reasonably assured. These criteria are met when the subscription service is fully operational and ready to go live; that is, when the customer has acknowledged the completion of all the deliverables in the signed acceptance form. The contractual terms of the subscription contracts are generally one to five years. Additionally, if an agreement contains non-standard acceptance or requires non-standard performance criteria to be met, we defer revenues until revenue recognition conditions are satisfied. We assess whether the sales price is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. We assess collectability of an arrangement based on a number of factors, including past collection history with the customer and creditworthiness of the customer. Our contracts are typically non-cancelable without cause.

We derive revenues from contracts with multiple deliverables, primarily from fees from the sale of subscriptions in which gunshot data generated by our sensors and software is provided to customers through a cloud-based hosting application for a specified term. These service arrangements do not provide the customer with the right to take possession of the hardware or software at any time. Therefore, these arrangements are treated as service agreements, and such arrangements are accounted for as subscriptions. Our contracts with customers include the delivery of setup services, which includes the setup of our sensors in the customer's coverage areas and other services including training and third-party integration licenses. We have concluded that setup fees do not meet the criteria to be accounted as separate units of accounting because such setup services do not have value on a standalone basis from the subscription service. These setup fees are recognized ratably, on a straight-line basis, over the estimated customer life of five years. If a customer declines to renew its subscription prior to the end of five years, then the remaining setup fees are immediately recognized.

Our subscription service revenues are primarily based upon contractual terms for the services involved, which are recognized on a ratable basis over the term of the contract beginning with the month in which the subscription service is fully operational, and ready to go live.

We generally invoice customers for 50% of the total contract value when the contract is signed and for the remaining 50% when the subscription service is fully operational, and ready to go live. All revenues billed in advance of services being delivered are recorded in deferred revenue. For our public safety solution, our pricing model is based on an annual per-square-mile basis. For our security solutions, our pricing model is based on a customized deployment plan.

***Deferred Revenue*** – Deferred revenue consists substantially of amounts billed or payments received in advance of revenue recognition from our subscription services, as described above. Once all revenue recognition criteria have been met, the deferred revenue is recognized. The current portion of deferred revenue represents the unearned revenues that have been collected in advance that will be earned and recognized within 12 months of the balance sheet date. Correspondingly, long-term deferred revenue represents the unearned revenues that will be earned after 12 months from the balance sheet date.

***Convertible Preferred Stock Warrant Liability*** – Warrants to purchase shares of convertible preferred stock are classified as liabilities on the consolidated balance sheet at fair value upon issuance because the underlying shares of convertible preferred stock are redeemable at the option of the holders upon the occurrence of certain deemed liquidation events considered not solely within our control, which may therefore obligate us to transfer assets at some point in the future. The convertible preferred stock warrants are subject to remeasurement to fair value at each balance sheet date and any change in fair value is recognized as a component of other expense, net in the consolidated statement of operations. We will continue to adjust the liability for changes in fair value until the earlier of the exercise of expiration of the warrants, or the completion of a deemed liquidation event. At that time, the

convertible preferred stock warrant liability will be reclassified into convertible preferred stock or additional paid-in capital, as applicable. We use management judgment to estimate the fair value of these warrants, and these estimates could differ significantly in the future. The convertible preferred stock warrant liabilities will increase or decrease each period based on the fluctuations of the fair value of the underlying security.

***Stock-Based Compensation*** – We recognize stock-based compensation expense for stock-based compensation awards granted to our employees, directors, and consultants that can be settled in shares of our common stock. Compensation expense for stock-based compensation awards granted is based on the grant date fair value estimate for each award as determined by our board of directors. We recognize these compensation costs on a straight-line basis over the requisite service period of the award, which is generally four years.

We estimate the fair value of stock-based compensation awards at the date of grant using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and are freely transferable. The fair values generated by the model may not be indicative of the actual fair values of our awards as it does not consider other factors important to those stock-based payment awards, such as continued employment, periodic vesting requirements and limited transferability.

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

*Fair value of our common stock* – We estimate the fair value of our common stock because our stock was not publicly traded prior to our initial public offering, as discussed in "Common Stock Valuations" below. Upon the completion of our initial public offering, our common stock will be valued by reference to the publicly-traded price of our common stock.

*Expected term* – The expected term represents the period that our stock-based awards are expected to be outstanding. As we do not have sufficient historical experience for determining the expected term of the stock option awards granted, we use the simplified method to compute expected term, which represents the weighted-average of the time-to-vesting and the contractual life.

*Risk-free interest rate* – The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the options for each option group.

*Expected volatility* – As we do not have a trading history for our common stock, the expected stock price volatility for our common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. We did not rely on implied volatilities of traded options in our industry peers' common stock because the volume of activity was relatively low. We intend to continue to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of our own common stock share price becomes available.

*Expected dividend yield* – We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

In addition to the assumptions and variables used in the Black-Scholes option pricing model above, we must also estimate a forfeiture rate to calculate the stock-based compensation for our awards. The amount of stock option expense we recognize in our consolidated statements of operations does not include an estimate of stock option forfeitures, as such forfeitures were estimated to be immaterial. We estimate our forfeiture rate based on an analysis of our actual forfeitures and will continue to evaluate the appropriateness not applying a forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. Using an estimated forfeiture rate, and changes in the estimated forfeiture rate can have a significant impact on our stock-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in our financial statements.

If any of the assumptions used in the Black-Scholes model change significantly, stock-based compensation for future awards may differ materially compared with the awards granted previously.

The fair value of stock option grants for the three months ended March 31, 2016 and 2017 is set forth below and was determined using Black-Scholes option pricing model with the following assumptions:

| | Three Months Ended | |
|---|---|---|
| | March 31, 2016 | March 31, 2017 |
| Fair value of common stock | $0.85 | $3.06 |
| Expected term (in years) | 2 - 10 | 5 - 6 |
| Risk-free interest rate | 0.75% - 1.45% | 1.29% - 2.29% |
| Expected volatility | 55% | 55% |
| Expected dividend yield | — % | — % |

The fair value of stock option grants for the years ended December 31, 2015 and 2016 is set forth below and was determined using Black-Scholes option pricing model with the following assumptions:

| | Year Ended | |
|---|---|---|
| | December 31, 2015 | December 31, 2016 |
| Fair value of common stock | $0.85 | $0.85 - $3.06 |
| Expected term (in years) | 2 - 10 | 2 - 10 |
| Risk-free interest rate | 0.75% - 2.10% | 0.75% - 1.77% |
| Expected volatility | 55% | 55% |
| Expected dividend yield | — % | — % |

**Common Stock Valuation**

The fair value of the common stock underlying our stock options is determined by our board of directors, which intended that all options granted have an exercise price that is not less than the estimated fair market value of a share of our common stock underlying those options 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 used in the valuation model were based on future expectations combined with management judgment. In the absence of a public trading market, our board of directors, with input from management, exercised significant judgment and considered numerous objective and subjective factors to determine the fair market value of our common stock as of the date of each option grant, including the following factors:

- contemporaneous third-party valuations performed at periodic intervals by a valuation firm;
- the prices, rights, preferences and privileges of our preferred stock relative to the common stock;
- the purchases of shares of preferred stock by unaffiliated venture capital firms;
- actual operating and financial performance and forecasts;
- present value of forecasted future cash flows;
- the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given prevailing market conditions;
- any adjustment necessary to recognize a lack of marketability for our common stock;
- the market performance of comparable publicly traded technology companies;
- the U.S. and global capital market conditions;
- our stage of development; and
- industry information such as market size and growth and our competitive position in the market.

We granted the following stock option awards between January 1, 2015 and the date of this prospectus:

| Grant Date | Number of Shares of Common Stock Underlying Options Granted | Exercise Price Per Share of Common Stock | Common Stock Fair Value Per Share at Grant Date |
|---|---|---|---|
| April 18, 2017 | 6,975 | $ 3.06 | $ 3.06 |
| March 27, 2017 | 90,633 | $ 3.06 | $ 3.06 |
| March 13, 2017 | 104,475 | $ 3.06 | $ 3.06 |
| October 25, 2016 | 6,474 | $ 3.06 | $ 3.06 |
| July 19, 2016 | 118,238 | $ 1.70 | $ 1.70 |
| March 31, 2016 | 2,353 | $ 0.85 | $ 0.85 |
| February 2, 2016 | 145,704 | $ 0.85 | $ 0.85 |
| December 7, 2015 | 9,414 | $ 0.85 | $ 0.85 |
| October 28, 2015 | 25,001 | $ 0.85 | $ 0.85 |
| September 16, 2015 | 77,653 | $ 0.85 | $ 0.85 |

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 options outstanding as of March 31, 2017 was approximately $ million, of which approximately $ million related to vested options and approximately $ million related to unvested options.

In valuing our common stock, our board of directors determined the equity value of our business generally using either the prior sale of company stock approach or the income approach valuation methods.

The prior sale of company stock approach estimates value by considering any prior arm's length sales of the company's equity. When considering prior sales of the company's equity, the valuation considers the size of the equity sale, the relationship of the parties involved in the transaction, the timing of the equity sale, and the financial condition of the company at the time of the sale.

The income approach estimates value based on the expectation of future cash flows that a company will generate, such as cash earnings, cost savings, tax deductions and the proceeds from disposition. These future cash flows are discounted to their present values using a discount rate derived based on an analysis of the cost of capital of comparable publicly traded companies in similar lines of business, as of each valuation date, and is adjusted to reflect the risks inherent in our cash flows. In addition, we also considered an appropriate discount adjustment to recognize the lack of marketability due to being a private company.

Once an equity value was determined, we utilized the option pricing method, or OPM, or used a hybrid method to allocate the total value of equity to various shares classes, which is a probability weighted expected return method, or PWERM, that incorporates the use of an OPM.

The OPM treats common stock and convertible preferred stock as call options on a company's enterprise value with exercise prices based on the liquidation preferences of the convertible preferred stock. The OPM prices the call option using the Black-Scholes model. The OPM is used when the range of possible future outcomes is difficult to predict.

The PWERM relies on a forward-looking analysis to predict the possible future value of a company. Under this method, discrete future outcomes, including an initial public offering, or IPO, and non-IPO scenarios, are weighted based on the estimated the probability of each scenario. The PWERM is used when discrete future outcomes can be predicted with reasonable certainty based on a probability distribution.

The hybrid method is generally preferred for a company expecting a liquidity event in the near future but where, due to market or other factors, the form of a liquidity event under one or more scenarios is uncertain. In the application of the hybrid method, we weighted scenarios under which the company would complete its public offering or a sale to allocate the value of equity under a near-term liquidity scenario and the OPM to allocate the value of equity under a long-term liquidity scenario. The equity values relied upon in the different scenarios within PWERM were based on (1) the weighted average indications of the enterprise value using the discounted cash flow method, which is an income approach, and (2) our expectation of the pre-money valuation that we needed to achieve to consider an IPO as a viable scenario.

**Recently Adopted Accounting Pronouncements**

In August 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 provides guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. We adopted ASU 2015-15 in the fourth quarter of fiscal 2016 on a retrospective basis.

In April 2015, the FASB issued ASU 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 provides guidance regarding financial statement presentation of debt issuance costs related to recognized debt liability. The guidance states that debt issuance costs related to a recognized debt liability shall be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with that of debt discounts. We adopted this ASU in the first quarter of fiscal 2016, with retroactive application. The adoption of this ASU did not have any impact on our consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17*, Balance Sheet Classification of Deferred Taxes*, to simplify the presentation of deferred income taxes. The amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. We have elected to early adopt ASU 2015-17 as of the beginning of the fourth quarter ended December 31, 2015 on a prospective basis. There is no impact to our consolidated balance sheet amounts as a result of early adoption.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which require all excess tax benefits and tax deficiencies associated with share-based payments to be recognized as income tax expense or income tax benefit, respectively, rather than as additional paid-in capital. The amendments also increase the amount an employer can withhold in order to cover income taxes on awards, allows companies to recognize forfeitures of awards as they occur, and requires companies to present excess tax benefits from stock-based compensation as an operating activity in the statement of cash flows rather than as a financing activity. The method of adoption varies with the different aspects of the ASU. We adopted this ASU as of January 1, 2017. The adoption of this ASU did not have any impact on our consolidated financial statements.

**Recently Issued Accounting Pronouncements**

In May 2014, FASB issued ASC Topic 606, *Revenue from Contracts with Customers*. This standard outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers that reflects the consideration to which the entity expects to be entitled to in exchange for those goods and services. The standard will replace most existing revenue recognition guidance under GAAP. Topic 606 is effective for us as of January 1, 2018, and permits the use of either a retrospective or cumulative effect transition method. Our preliminary assessment is that there are no material changes in the timing and amount of the recognition of revenue for our service arrangements, under the new standard. This preliminary assessment is based on our analysis that the subscription and setup services included in our contractual arrangements are not distinct in the context of the subscription contract as they are considered highly interrelated and represent a single combined performance obligation that should be recognized ratably over time. The actual revenue recognition treatment required under the new standard for these arrangements may be dependent on contract-specific terms which may vary in some instances. While we are continuing to assess all potential impacts of the new standard, we believe the most significant impact relates to the capitalization of sales commissions. We believe we are following an appropriate timeline for adoption of the new standard.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides targeted improvements to the recognition, measurement, presentation and disclosure of financial assets and financial liabilities. Specific accounting areas addressed include equity investments and financial liabilities reported under the fair value option and valuation allowance assessment resulting from unrealized losses on available-for-sale securities. The ASU also changes certain presentation and disclosure requirements for financial instruments. The ASU is to be applied by means of a cumulative effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. This ASU is effective for us as of January 1, 2018. Early adoption, with

certain exceptions, is not permitted. We are currently evaluating the effect this ASU will have on our consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. This standard requires all entities that lease assets with terms of more than 12 months to capitalize the assets and related liabilities on the balance sheet. The standard is effective for us as of January 1, 2019 and requires the use of a modified retrospective transition approach for its adoption. We are currently evaluating the effect ASU 2016-02 will have on our consolidated financial statements and related disclosures. We expect the asset leased under our headquarters office operating lease will be capitalized on the balance sheet upon the adoption of ASU 2016-02.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*, addressing eight specific cash flow issues in an effort to reduce diversity in practice. The ASU is effective for us as of January 1, 2018. Early adoption is permitted. We are currently evaluating the effect this ASU will have on our consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *Inter-Entity Transfers of Assets Other Than Inventory*. The guidance requires entities to recognize the income tax impact of an intra-entity sale or transfer of an asset other than inventory when the sale or transfer occurs, rather than when the asset has been sold to an outside party. The guidance will require a modified retrospective application with a cumulative catch-up adjustment to opening retained earnings. The ASU is effective for us as of January 1, 2018. Early adoption is permitted. We are currently evaluating the effect this ASU will have on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This ASU is effective for us as of January 1, 2018. Early adoption is permitted, including adoption in an interim period as of the beginning of an annual reporting period for which interim or annual financial statements have not been issued or made available for issuance. We are currently evaluating the effect this ASU will have on our consolidated financial statements.

**Qualitative and Quantitative Disclosures about Market Risk**

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign exchange rates as well as, to a lesser extent, inflation.

***Interest Rate Risk***

We are exposed to interest rate risk in the ordinary course of our business. Our cash includes cash in readily available checking and money market accounts. These securities are not dependent on interest rate fluctuations that may cause the principal amount of these assets to fluctuate. Additionally, the interest rate on our notes payable loan is fixed and not subject to changes in market interest rates.

We had cash of $2.4 million as of March 31, 2017, which consists entirely of bank deposits. To date, fluctuations in interest income have not been significant. As of March 31, 2017, we had total outstanding debt subject to interest rate risk of $11.2 million, net of debt issuance costs, which is due within four years and $1.9 million, net of debt issuance costs, which is due within one year. Amounts outstanding under our term note bear interest each month at an interest rate per annum equal to the greater of (a) the average prime rate in effect during the month, or (b) the average three-month

LIBOR rate during such month, plus 2.50% per annum, plus 7.5%, with a minimum rate of 11%. As of March 31, 2017, the interest rate was 11.25%. We monitor our cost of borrowing under our credit facility, and consider our funding requirements, and our expectation for short-term rates in the future.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Although our credit facility and term loan have variable interest rates, a hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial statements.

***Foreign Currency Exchange Risk***

We have foreign currency risks related to our revenues and operating expenses denominated in currencies other than our functional currency, the U.S. dollar, principally the South African Rand. Movements in foreign currencies in which we transact business could significantly affect future net earnings. For example, if the average value of the South African Rand had been 10% higher relative to the U.S. dollar during 2016, or the three months ended March 31, 2017, it would not have resulted in a significant impact to our results of operations for the year ended December 31, 2016 or the three months ended March 31, 2017. We did not have any foreign currency risk prior to 2016. To date, we have not engaged in any hedging strategies. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in foreign currency rate.

***Inflation Risk***

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

**JOBS Act Transition Period**

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements under the JOBS Act. Subject to certain conditions, as an emerging growth company, we may rely on certain of these exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenues of at least $1.0 billion or (c) in which we are deemed to be a "large accelerated filer" under the rules of the U.S. Securities and Exchange Commission, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

# BUSINESS

## Overview

We are the leader in gunshot detection solutions that help law enforcement officials and security personnel identify, locate and deter gun violence. We offer our software solutions on a SaaS-based subscription model to customers around the world with customers in the United States, Puerto Rico, the U.S. Virgin Islands and South Africa. Our public safety solution, ShotSpotter Flex, is deployed in urban, high-crime areas to help deter gun violence by accurately detecting and locating gunshots and sending near real-time alerts to law enforcement. Our security solutions, SST SecureCampus and ShotSpotter SiteSecure, are designed to help law enforcement and security personnel serving universities, corporate campuses and key infrastructure and transportation centers mitigate risk and enhance security by notifying authorities and first responders of an active-shooter event almost immediately. The speed and accuracy of our solutions enable rapid response by law enforcement and security personnel, increase the chances of apprehending the shooter, aid in evidentiary collection and serve as an overall deterrent.

Our solutions consist of our highly-specialized, cloud-based software integrated with our proprietary, internet-enabled sensors and communication networks. When a potential gunfire incident is detected by our sensors, our software analyzes and validates the data and precisely locates where the incident occurred. An alert containing a location on a map and critical information about the incident is transmitted directly to law enforcement or security personnel through any computer and to iPhone® or Android mobile devices.

For gunshots occurring outdoors, our software transmits the validated sensor data along with a recorded digital file of the triggering sound to our Incident Review Center, or IRC, where our trained acoustic experts are on duty 24 hours a day, seven days a week, 365 days a year to screen and confirm genuine gunfire incidents. Our acoustic experts supplement alerts with additional tactical information, such as the potential presence of multiple shooters or the use of high-capacity weapons. For outdoor gunshot incidents reviewed by our IRC, alerts are typically sent within 45 seconds of the gunfire incident. For gunshots occurring indoors, our solutions are designed to automatically alert security personnel within ten seconds.

Historically, we sold our public safety solution, ShotSpotter Flex, on a perpetual software license basis. In 2011, we transitioned our business model to sell this solution on a subscription basis. We generate annual subscription revenues from the deployment of our public safety solution on a per-square-mile basis. As of March 31, 2017, we had 74 public safety customers with coverage areas of approximately 450 square miles in 89 cities and municipalities across the United States, including four of the ten largest cities. In 2014, we began selling two security solutions, SST SecureCampus and ShotSpotter SiteSecure, which are typically sold on a subscription basis, each with a customized deployment plan. As of March 31, 2017, we had six security customers covering seven higher-education campuses, of which five had their solutions fully deployed.

Our mission is to help prevent and reduce the societal costs of gun violence in order to create safer and more vibrant communities. Our inspiration comes from one of our founders, Dr. Bob Showen, who believes that the highest and best use of technology is to promote social good. We are committed to developing comprehensive, respectful and engaged partnerships with law enforcement agencies, elected officials and communities focused on making a positive difference in our society.

## Industry Background: The Problem of Gun Violence

According to the Federal Bureau of Investigation, or the FBI, an estimated 1.2 million violent crimes occurred in the United States in 2015. Of those violent crimes, it is estimated that guns were

used in approximately 330,000 incidents, including 71.5% of murders, 40.8% of robberies and 24.2% of aggravated assaults. A March 2016 report published by The American Journal of Medicine stated that the gun homicide rate in the United States is more than 25 times the average of other high-income countries.

There is a staggering economic cost associated with gun violence. A 2015 study commissioned by Mother Jones, an independent news organization, found that gun violence costs the American economy at least $229 billion every year, inclusive of $8.6 billion in direct expenses such as for emergency and medical care.

***The Challenge of Urban Gun-Related Crime***

The majority of urban gunfire goes unreported. A report published by The Brookings Institute analyzing data collected from our public safety solution and our customers suggests that approximately 90% of the gunshots detected by our public safety solution are not reported to 911 by citizens. Even in the instances when 911 calls are made, the information reported by the caller is often incomplete or inaccurate as to the time and location of the gunshot. Furthermore, in many cases it is often difficult for the caller to authenticate the incident as gunfire. In addition, we believe that in communities plagued by gun violence, there is often a lack of trust between the community's residents and its police force, which can exacerbate the underreporting of gunfire and create a vicious cycle of underreporting, lack of response, and increased mistrust due to continued unaddressed gun violence in the community. When gunfire is not reported or is reported inaccurately law enforcement and medical personnel cannot address injuries nor effectively investigate and solve related crimes or prevent future incidents.

The communities in which gun violence occurs suffer significant economic loss. A 2016 report by the Urban Institute, which studied the effect of gun violence in Minneapolis, Minnesota, Oakland, California and Washington, D.C., noted that the perceived risk of gun violence imposed heavy social, psychological and monetary damages in communities, including in the forms of fewer jobs and lower economic vitality. The study concluded:

- In Minneapolis, one fewer gun homicide in a given year was statistically associated with the creation of 80 jobs and an additional $9.4 million in sales across all business establishments in the next year.
- In Oakland, every additional gun homicide in a given year was statistically associated with five fewer job opportunities in contracting businesses in the next year.
- In Washington, D.C., every additional gun homicide in a given year was statistically associated with two fewer retail and service establishments the next year.

In addition, several studies have suggested that property values are inversely correlated with violent crime. For example, the Center for American Progress conducted a study of changes in homicide incidents and housing prices in Boston, Massachusetts; Seattle, Washington; Chicago, Illinois; Philadelphia, Pennsylvania and Milwaukee, Wisconsin and found that a reduction in a given year of one homicide in a ZIP code causes a 1.5% increase in housing values in that same ZIP code the following year.

***The Rise of Active-Shooter Events***

In addition to the problem of localized, persistent gun violence, over the past several years there has been an increasing number of high-profile mass shootings and terror events. According to a 2016 report by the FBI, the number of active-shooter events in the United States in 2014 and 2015 was among the highest for any two-year average period in the preceding 16 years and nearly six times as many as the period between 2000 and 2001, the first two years that the FBI began tracking

active-shooter events. The following examples of active-shooter events, which occurred between 2012 and 2017, resulted in an aggregate of 94 deaths and 143 non-fatal gunshot injuries:

- a movie theater in Aurora, Colorado;
- a community college in Santa Monica, California;
- a church in Charleston, South Carolina;
- an office building in San Bernardino, California;
- a nightclub in Orlando, Florida; and
- an airport in Fort Lauderdale, Florida.

According to a study by Everytown Research, there have been over 200 school shootings in the United States since 2013, with 47% of such shootings occurring on a college or university campus between 2013 and 2015. In 2015, there were 64 school shooting incidents, an increase of 71% since 2013. School shootings from 2013 through 2015 resulted in 59 deaths and 124 non-fatal gunshot injuries.

In addition, recent tragedies around the country have called attention to workplace violence in the United States. The Census of Fatal Occupational Injuries report published in 2016 by the Bureau of Labor Statistics showed that in 2015, a total of 417 workplace homicides took place, of which 354, or 83.9%, involved the use of a gun. Of these 354 homicides, 294 took place in private sector workplaces.

Unlike gunfire incidents occurring in high-crime areas, active-shooter events often result in a high volume of telephone reports to 911. However, each caller may provide inaccurate, untimely or incomplete information, causing confusion or delays in first responders' ability to react quickly and accurately. Response time is critical as nearly 70% of active-shooter events last five minutes or less with over one third ending in two minutes or less according to a study conducted by the FBI of active-shooter events.

Due to an increase in the number and profile of active-shooter events, certain large insurance underwriters such as Lloyd's of London have begun introducing active-shooter insurance. This insurance would help to cover liabilities associated with an active-shooter event. We believe that the emergence of a market for active-shooter insurance underscores an increased awareness of and demand for solutions like ours.

**Our Market**

We believe there is significant demand for advanced gunfire detection and location notification solutions that accurately and quickly report instances of gunfire occurring both outdoors and indoors, based on two primary use cases:

- public safety — for domestic and international law enforcement serving communities plagued by persistent, localized gun violence, in order to identify, locate and deter gun violence; and
- security — for law enforcement and security personnel serving universities, corporate campuses, key infrastructure, transportation centers and other areas in which authorities desire to prepare for and mitigate risks related to an active-shooter event.

Based on data from the 2015 FBI Uniform Crime Report, we estimate that the domestic market for our public safety solution consists of the approximately 1,400 cities that had four or more homicides

per 100,000 residents in 2015. The Uniform Crime Report includes information reported directly to the FBI on a voluntary basis by 18,000 city, university and college, county, state, tribal and federal law enforcement agencies. We believe that four or more homicides per 100,000 residents represents a significant gun violence problem. We estimate that a customer in this market could invest an average of approximately $400,000 per year for our public safety solution.

Outside of the United States, we estimate that the market for our public safety solution includes approximately 200 cities in the European Union, Central America, the Caribbean, South America and southern Africa that have at least 500,000 residents. We estimate that a customer in this market could invest an average of approximately $750,000 per year for our public safety solution.

We estimate the average investment amounts for prospective customers based on our experience with existing customers, our anticipated demand for our solutions and the corresponding coverage areas that we expect prospective customers would elect to cover with our solutions.

Based on data made available by the National Center for Education Statistics and the Federal Aviation Administration, we believe that the domestic market for our security solutions includes approximately 5,000 college campuses and airports. We estimate that, on average, a customer in this market could invest approximately $100,000 per year for one of our security solutions. In addition, we believe that there exists a broader market for our security solutions that includes college campuses and airports outside of the United States as well as large corporate campuses, train stations and other highly-trafficked areas worldwide.

**The ShotSpotter Solutions**

Our solutions consist of our highly-specialized, cloud-based software integrated with our proprietary, internet-enabled sensors and connected through third-party communication networks. We brand our solutions based on particular use cases and target customers as follows:

- **ShotSpotter Flex.** ShotSpotter Flex, our outdoor public safety solution, serves cities and municipalities seeking to identify, locate and deter persistent, localized gun violence by incorporating a real-time gunshot detection system into their policing systems.

- **SST SecureCampus.** SST SecureCampus integrates our indoor and outdoor solutions in order to help the law enforcement and security personnel serving universities, colleges and other educational institutions mitigate risk and enhance security by notifying authorities and first responders of an active-shooter event almost immediately.

- **ShotSpotter SiteSecure.** ShotSpotter SiteSecure integrates our indoor and outdoor solutions for customers, such as corporations trying to safeguard their facilities and public agencies focused on protecting critical infrastructure, including train stations and airports.

When a potential gunfire incident is detected by our sensors, our software uses quantitative computational analysis and artificial intelligence methods to precisely locate and classify the sound. A digital alert containing map and location information about the incident is transmitted directly to law enforcement or security personnel through any computer and to iPhone® or Android mobile devices.

For gunshots occurring outdoors, our software transmits the validated sensor data along with a recorded digital file of the triggering sound to our IRC, where our trained acoustic experts are on duty 24 hours a day, seven days a week, 365 days a year to screen and confirm actual gunfire incidents. Our acoustic experts can supplement alerts with additional tactical information, such as the potential presence of multiple shooters or the use of high-capacity weapons. For outdoor gunshot incidents reviewed by our IRC, alerts are typically sent within 45 seconds of the gunfire incident. For gunshots

occurring indoors, our solutions are designed to automatically alert security personnel within ten seconds.

The key features of our solutions are:

- ***Comprehensive Coverage.*** We believe that we sell the only public safety solution that provides comprehensive outdoor coverage for gunshot detection over large and complex geographies. Our outdoor acoustic sensors are strategically placed in an array of 15-20 sensors per square mile and can easily be expanded to cover any size area. In addition to providing acoustic surveillance over wide areas, our solutions operate on a continuous basis – 24 hours a day, seven days a week, 365 days a year – to provide immediate notification of gunfire at any time of day.

- ***Real-Time, Precise Alerts.*** Our solutions typically notify users within seconds of a gunshot, providing data on the time and location of the shooting and the number of shots fired. An alert is sent depicting a dot on a map that corresponds to a specific address or latitudinal and longitudinal coordinates (in the case of outdoor gunshots) or a floor plan (in the case of indoor gunshots). In addition, when shots are fired outside, our alerts provide valuable additional information about the scene of the incident, such as the potential presence of multiple shooters or the use of fully automatic and high-capacity weapons. This enhanced tactical awareness can help protect first responders in dangerous and unpredictable situations.

- ***Forensically-Sound Data.*** Because our outdoor solutions provide an exact time, location and audio recording of a gunshot, we are able to provide authorities with critical evidence for investigations and prosecutions. Our detailed forensic reports, or DFRs, provide law enforcement and prosecutors with detailed, court-admissible audio and incident analyses. We also offer expert testimony to review details of the DFRs and technical expertise regarding our technology. In 2016, we completed 445 DFRs for outdoor gunshot incidents, and our evidence was requested for use in approximately 80 federal and state cases, including 28 trials in which we provided testimony.

- ***Annual Subscription to a Cloud-Based Solution.*** We provide our solutions as an annual subscription-based service in which we design, deploy, own, manage and maintain the acoustic sensors, host the software and gunshot data and operate our IRC with trained acoustic experts.

The key benefits provided by these features include:

- ***Expedited Response to Gunfire.*** In 2016, we issued more than 80,000 gunshot alerts to our customers. In areas where gun violence is persistent, we believe most gunshots are not otherwise reported. Even when calls are made, many callers are unable to provide a location of the gunshot or other relevant details. Human response time to unfolding violence often delays calls for several minutes in circumstances where response time can be critical. By contrast, our solutions typically alert emergency dispatch centers and field personnel within 45 seconds of confirmed gunfire and provide an exact location, enabling them to respond faster and to a specific location. In the case of shots fired outdoors, our solutions provide additional information, such as the potential presence of multiple shooters or the use of automatic or high-capacity weapons. Such information is intended to enhance the responders' tactical awareness and increase their safety. The ability to respond more quickly increases the chances of apprehending the shooter and assisting victims of violence, in addition to aiding in evidentiary collection.

- ***Prevention and Deterrence of Gun Violence.*** We believe increasing the speed and accuracy of law enforcement responses to gunfire can act as a long-term deterrent that can decrease the overall prevalence of gunfire. We also believe that knowledge of the existence of our solutions may have a deterrent effect on localized gun violence. When elected officials and law enforcement have an enhanced awareness of gun violence activity and patterns, they have tools to facilitate a rapid response time to gunfire incidents and improve relations between law enforcement and these communities, potentially increasing crime reporting and community cooperation with investigations, which can result in greater apprehension of perpetrators and deterrence.

- ***Improved Community Relations and Collaboration.*** We believe that persistent gun violence limits the ability of police and other community leaders to serve their constituents and improve their communities. Many metropolitan areas struggle to establish and foster a cooperative and trusting relationship between their police forces and the communities they serve. Our public safety solution provides cities with the ability to react quickly to gun violence, thus providing the ability to improve their responses and residents' perception of their responses. This provides our customers with the opportunity to foster improved community relations and collaboration with their residents.

- ***No Need to Buy and Maintain a Complex Technology Infrastructure.*** By delivering our solution as a cloud- and subscription-based service, our customers do not need to design, install or maintain their own complex infrastructure or hire or train acoustic experts to continuously manage such a solution.

- ***Integration Capability.*** We can customize the integration of our solutions with existing customer systems, including video management systems, computer-aided dispatch, records management systems, video analytics, automated license plate number readers, camera management systems, crime analysis and statistics packages (including COMPSTAT software), and common operating picture software. Interfacing with our alerts can enhance the effectiveness of these customer tools by providing information such as precise latitude and longitude (geolocation), timestamps, incident audio and situational context. For example, police in Minneapolis, Minnesota used our alerts to trigger video recordings of certain key intersections in high crime areas and capture the image of a suspect fleeing the scene of a shooting. Similarly, in Boston, Massachusetts, police correlate our data with surveillance cameras and parolee ankle bracelet tracking data to monitor parolees who may be violating parole terms by committing crimes or consorting with criminals.

- ***Gun Violence Data Collection.*** We believe that we have amassed the world's largest and most accurate collection of urban gunshot data. We provide our public safety customers with detailed gun crime pattern analysis for their coverage areas as well as access to additional data that can assist them with further analytics. This information provides an awareness of gunshot activity that may otherwise go unreported. For example, by collecting information regarding the time and location of otherwise unreported gunfire, our customers can become aware of patterns of violence in the community. This increased awareness can help our customers create policy, allocate appropriate resources and help to address pervasive problems in high gun-activity areas.

**Our Strategy**

We intend to drive growth in our business by continuing to build on our position as a leading provider of gunshot detection solutions. Key elements of our strategy include:

- ***Accelerate Our Acquisition of Public Safety Customers.*** We believe that we are in the early stages of penetrating the markets for our public safety solution. We count law enforcement

agencies in four of the ten largest U.S. cities among our public safety solution customers, with three of them added within the last three years. We intend to expand our direct sales force and expend additional resources on our marketing efforts to accelerate growth in this market. Moreover, as we add new public safety customers, publicity and the number of potential references for our solutions increase, which results in our brand and our solutions becoming more well known. We intend to capitalize on this momentum to drive an increase in sales.

- ***Further Penetrate Our Existing Customer Base.*** As customers realize the benefits of our solutions, we believe that we have a significant opportunity to increase the lifetime value of our customer relationships by expanding coverage within their communities. For example, of our 74 ShotSpotter Flex customers as of March 31, 2017, more than 39% have expanded their coverage areas from their original deployment areas by an average of seven square miles, and our net revenue retention rate has been over 100% for each of 2016, 2015 and 2014.

- ***Grow Our Security Business.*** Our solutions were initially developed for the public safety market using outdoor acoustic sensors. With the introduction of our indoor sensor in 2014, we expanded the market and use cases for our solution. For example, we have developed our SST SecureCampus solution for universities and other educational institutions. As of March 31, 2017, we had six SST SecureCampus customers deployed at seven higher education campuses, of which five had their solutions deployed. We have also developed ShotSpotter SiteSecure for customers such as corporations trying to safeguard their indoor and outdoor facilities, and public agencies focused on protecting critical indoor/outdoor infrastructure, including train stations and airports. With more than 5,000 target customers in the United States, we believe that these markets represent a large opportunity for us.

- ***Expand Our International Footprint.*** With only one current ShotSpotter Flex customer outside of the United States, we believe that we have a significant opportunity to expand internationally. We estimate that the market outside the United States for our public safety solution includes approximately 200 cities in the European Union, Central America, the Caribbean, South America and southern Africa that have at least 500,000 residents. In addition, we believe that there is a market for our security solutions outside the United States that includes college campuses and airports, large corporate campuses, train stations and other highly-trafficked areas. We intend to invest in our international sales and marketing efforts to reach these customers.

- ***Integrate with New Technologies that Enhance our Value.*** We believe that integrating our solutions with other tools and technologies enhances the value of our solutions to our customers. For example, our solutions can be used in connection with computer-aided dispatch systems, video surveillance cameras, National Integrated Ballistic Information Network (NIBIN) and automated license plate readers used by law enforcement to improve the effectiveness of police response and investigation efforts. We continue to evaluate new technologies that may integrate with our solutions to generate additional value for our customers.

- ***Partner with "Smart Cities" Initiatives Providers.*** We believe that there is a significant opportunity to partner with providers of "Smart Cities" initiatives. For example, we have partnered with General Electric to incorporate our solutions into intelligent street lights in areas not otherwise covered by our solutions. By incorporating our solutions into these initiatives, we can increase our customer base, expand our footprint within those customers and deploy our solutions at a reduced cost to us.

- ***Passionate Focus on Customer Success.*** Given the specialized nature of our market, a key component of our strategy is to maintain our passionate focus on customer success. We pride ourselves on our execution in customer on-boarding as well as ongoing consulting and customer support, all of which are critical to ensure not only high customer retention rates but new customer acquisitions. We implement our customer success initiative early in the sales process in order to ensure that we are aligned with the customer's objectives and can positively impact their defined outcomes. We apply proven, consultative best practices and policy development at the command staff level as well as tactical training for field patrol officers. All of our efforts are focused on driving positive measurable outcomes on gun violence reduction and prevention, which we believe will in turn attract new customers and drive an increase in sales.

- ***Maintain Our Leadership Profile in Gun Violence Prevention.*** We will continue to invest in improving our acoustic gunshot detection solutions, including our indoor and outdoor sensors, our gunshot detection algorithms, the design and deployment of our network arrays, our mobile applications, and the integration of our platform with third-party technologies, to maintain our technology leadership position. In addition, we intend to leverage our extensive collection of gunfire data to better understand the facts, trends and circumstances surrounding gun activity in order to maintain our reputation as gun violence experts. In doing so, we hope to contribute to the efforts of the community at large to identify, locate and deter gun violence.

- ***Opportunistically Pursue Acquisitions.*** We may selectively pursue acquisitions of complementary businesses, technologies, and teams that would allow us to further penetrate new markets and add features and functionalities to our solutions.

**Our Integrated Platform**

Our solutions provide for the complete integration of several complex components: intelligent sensors; networking infrastructure; and enterprise software and computing resources – in an easy-to-adopt and affordable annual subscription that eliminates the need for our customers to design, install or maintain their own complex infrastructure or hire or train acoustic experts to continuously monitor the solution.

We believe that offering each of our solutions as a service on an annual subscription basis is cost-effective, provides for more resilient, redundant infrastructure and significantly reduces friction during customer adoption by eliminating the complexity and front-loaded capital expenditure associated with perpetual licenses for on-site technology projects. Our sensors operate on machine-to-machine networks and, because we maintain thousands of live sensor connections, we are able to aggregate usage for all of our customers and negotiate lower rates from communications service providers than a single customer would likely be able to procure on their own.

We operate fully redundant data centers on both U.S. coasts, each of which has backup power supply, HVAC and internet connectivity. We are able to provide a level of 24/7/365 fault-tolerant hardware and network uptime that few of our customers could afford to procure or maintain on their own. In addition, we plan to augment our own private cloud-based infrastructure with a secure public cloud offering through a collaboration with Amazon Web Services in 2017.

***Our Software***

The heart of our solutions is our sophisticated and highly-specialized software. Our software analyzes audio signals for potential gunshots first in our intelligent sensors. Our sensor then software filters out ambient background noise, such as traffic or wind, and looks for impulsive sounds characteristic of gunfire. If the sensor detects such an impulse, it extracts pulse features of the soundwave, such as sharpness, strength, duration, rise time and decay time. Then, the sensor sends these features to our cloud servers as part of a data packet that includes the location coordinates of the reporting sensor and the precise time-of-arrival and angle-of-arrival of the sound.

When the data reaches to our cloud servers, our software assesses whether three or more of our outdoor sensors detected the same sound impulse and, if so, multilaterates the location coordinates of the sound source based on the time of arrival and the angle of arrival of the sound. The software then verifies that the data is mathematically consistent with the sound having originated at a single location. The accuracy of the coordinates derived from our proprietary software is significantly improved when more than three sensors participate, as is typically the case. We deploy our sensor arrays such that, on average, eight sensors participate in the detection of a gunshot.

After the software determines the location of the sound source, the machine classifier algorithms analyze the pulse features to determine if the sound is likely to be gunfire. Our algorithms consider pulse features, the distance from the sound source, pattern matching and other heuristic methods to evaluate and classify the sound. The machine classifier is periodically trained and validated against a large database of known gunfire and other community sounds that are impulsive in nature. We continue to add new data to our machine learning database from the incidents reviewed by our acoustic experts in our IRC process. Classification continuously improves as the machine classifiers are re-trained using the expanded data set.

Once an outdoor incident is classified as likely gunfire, it is sent to the acoustic experts in our IRC for additional analysis and confirmation. Along with confirming an incident is gunfire, our acoustic experts also annotate the alerts with additional information that may be helpful to first responders, such as whether there are multiple shooters or if a high-capacity or fully automatic weapon is being used. The time from outdoor trigger-pull to a notification being sent to our customers is typically 45 seconds or less.

Compared to outdoor sensors, our indoor sensors are likely to be close to the shooting event and have a direct line of sight to the gunfire. Our indoor sensors therefore are designed to detect optical characteristics in the infrared spectrum of the gunfire muzzle flash, in addition to the acoustic characteristics of the muzzle blast, thereby significantly increasing the ability of machine classification. The location of indoor gunshots is determined by knowing the location of the installed sensors and time stamping the pulse arrival time. The sensor with the earliest time stamp determines the location of the shooter. Because the information from the acoustic and infrared transducers is sufficient to make a reliable computer classification of the sound as gunfire, indoor gunshot incidents are not reviewed by our IRC. In the case of an indoor gunshot, the time from trigger-pull to notification is typically less than ten seconds.

Incidents of suspected indoor gunfire automatically trigger emergency response notifications that are simultaneously delivered and made available online. Outdoor incident notifications are sent when the incident is confirmed as gunfire by one of our acoustic experts. Alerts are delivered by SMS text and push notifications and, in the case of outdoor gunfire, also through our mobile applications.

***Our Intelligent Sensors***

*Outdoor Sensors*

Our rugged outdoor gunshot detection sensor is an intelligent, internet-enabled device that is specially built to ignore ambient noise and respond to impulsive sounds, accurately time-stamping their arrival times. Advanced digital signal processing algorithms extract pulse features from the audio signal that, along with the time and angle of arrival of the sound, are sent to our servers where algorithms compute the location of the sound source.

Our rugged outdoor sensors are designed and tested against international standards for installation in unprotected outdoor environments. Special consideration is given to minimize the sound of wind, rain and hail, which could otherwise limit the range of detection and produce false results.

Environmental condition tests performed on the sensors include temperature cycling, temperature soak, shock, vibration, salt fog and moisture ingress protection.

For outdoor applications, we typically design and deploy arrays of 15 to 20 sensors per square mile taking into consideration the unique acoustic environment in which we are deploying. The cumulative experience of deploying in various cities with different acoustic properties has provided a distinct advantage in tailoring our sensor arrays to perform at high levels. We have full telemetry to each sensor that provides detailed heartbeat data to our system to monitor each sensor's health and availability. Sensor firmware is maintained with over-the-air updates. Because we purposely over-deploy our sensor arrays, multiple sensors can be offline at any given time without affecting the overall performance of the system.

*Indoor Sensors*

Our indoor gunshot detection sensor is an intelligent, internet-enabled device designed to detect gunfire inside buildings and similar enclosed structures. Our third-generation indoor sensors rely on signals from four transducers as well as highly evolved algorithms to detect combinations of features in those signals that are unique to gunfire. Our sensors respond to the muzzle flash and muzzle blast of gunfire and ignore ambient light and sounds that normally occur indoors. Should a gunfire incident occur, our software sends alerts that provide the location and number of shots fired. Multiple alerts will show the location of each shooter in situations where there is more than one shooter.

Our indoor sensors are designed to fit in a dual-gang electrical box mounted in a hollow wall or drop ceiling, with a faceplate available in standard white or black, or optional custom colors. The sensor can also be placed in an enclosure for installation on a solid ceiling or wall. A power-over-Ethernet (PoE) connection over Ethernet cable to a network switch supports power and communications to each sensor.

***Our Incident Review Center***

Our IRC operates 24 hours a day, seven days a week, 365 days a year. When a loud impulsive sound triggers enough of our outdoor sensors that an incident is detected and located, audio from the incident is sent to our IRC via secure, high-speed network connections for real-time confirmation. Within seconds of an incident, one of our acoustic experts analyzes audio data and recordings of the potential gunfire. When gunfire is confirmed, our IRC team sends an alert directly to emergency dispatch centers and field personnel through any computer or mobile device with access to the Internet. This process typically takes less than 45 seconds from the time of the gunshot. Alerts include:

- the precise location of gunfire, including both latitude/longitude and street address;
- the number and exact time of shots fired;
- the number of shooters; and
- if detectable, the use of fully automatic or high-capacity weapons.

Our IRC operates primarily out of our principal facilities in Newark, California and receives audio from incidents detected by our outdoor sensors regardless of where such incidents occur. Although our IRC currently operates at a single location, our trained personnel can perform IRC functions from any location that has a high-speed internet connection.

***Our Alerts***

Our alerts are delivered in the following forms:

*Alerts Console*

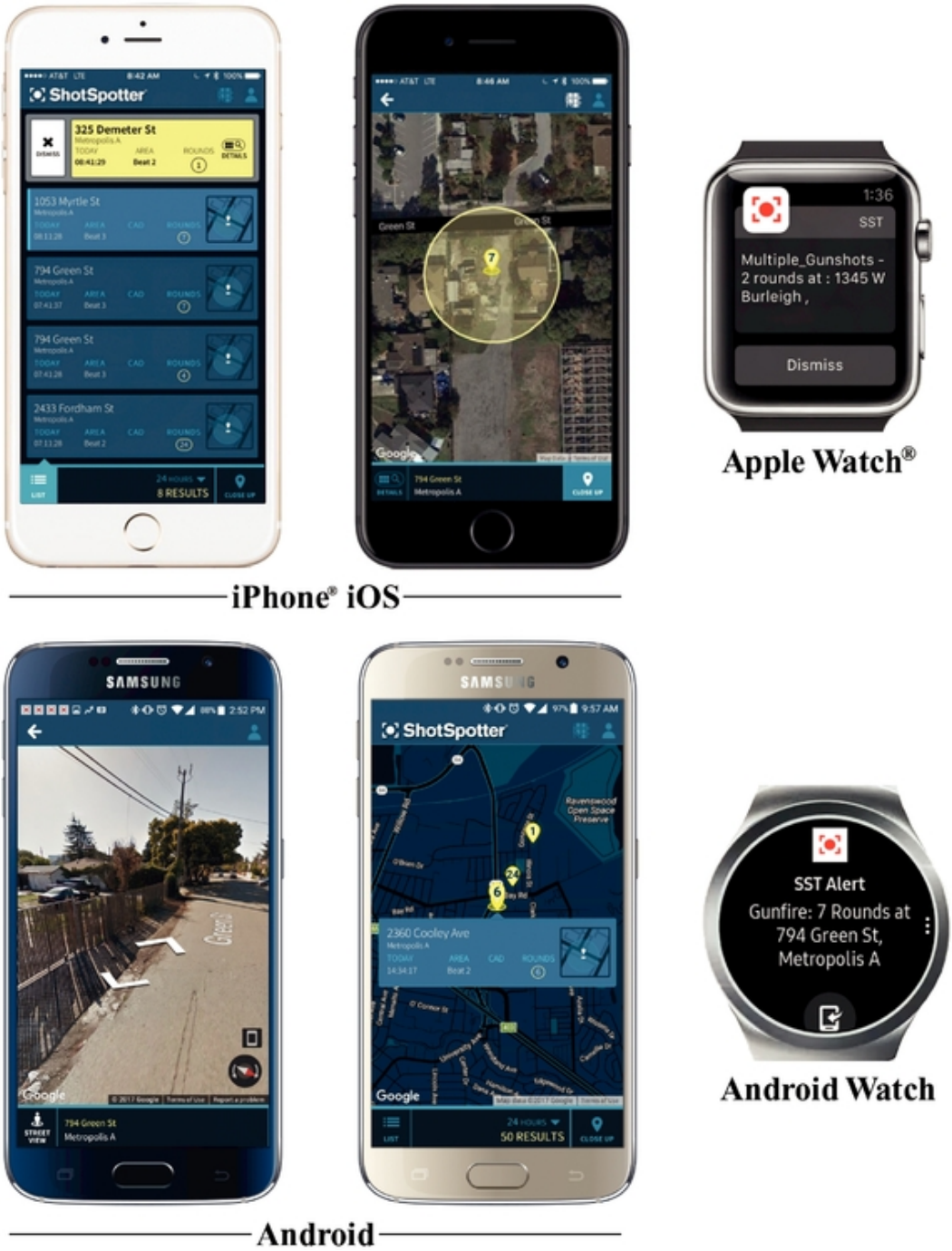
Our IRC sends real-time notifications of outdoor gunfire incidents to the ShotSpotter Flex Alerts Console, which is the user interface most often used by emergency dispatch centers. In addition, alerts can also be sent directly to field personnel using computers installed in police cars.


Through the console, the alert provides the type of gunfire (single-round or multiple-round), a unique identification number (Flex ID number), a date and time of the muzzle blast (trigger time), nearest address of the location corresponding to the precise latitude and longitude of the gunfire, number of shots and police district and beat identification. The alert also includes an audio clip of the incident.

One of our acoustic experts may add other contextual information related to the incident such as the possibility of multiple shooters, high-capacity or fully automatic weapons, and the shooter's location relative to a building (for example, in the front or back yard or in the street). An audit trail of the time the alert was published to and acknowledged by our customer is also contained in the report. Any notes added by 911 dispatchers are time- and date-stamped and indicate the operator's identification.

*Mobile Application*

We also offer a robust mobile application, or app, for customers using iPhone® and Android devices. This app allows field personnel to directly receive immediate alerts of outdoor gunshots and related critical information, even when away from computer-aided dispatch systems. The alert provides the type of gunfire (single-round or multiple-round), a unique identification number (Flex ID number), a date and time of the muzzle blast (trigger time), nearest address of the location of the gunfire, number of shots and police district and beat identification. The alert also includes an audio clip of the incident.



Real-time alert data with respect to indoor and outdoor gunshots can also be delivered to customers through email or SMS text messages.

***Other Applications***

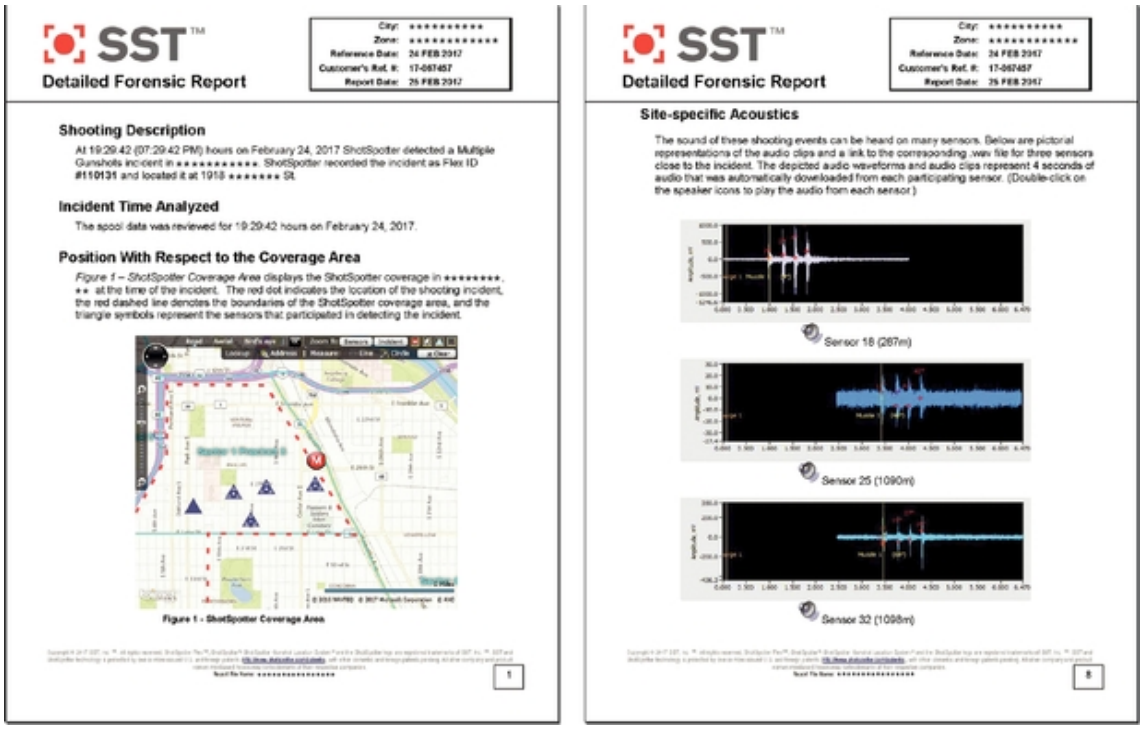
*Investigator Portal*

All historical incident data in our database can be viewed, searched, sorted, and filtered using the Investigator Portal. The Investigator Portal can create reports for single incidents or groups of incidents. Parameters and filter settings may be used to select incidents grouped into a single report. Any predefined reports may be viewed on a monitor, printed, or exported to more usable formats.

Our platform enables users to create their own custom reports or otherwise analyze the data using standard off-the-shelf products. Because our system stores all incident details into a structured-query-language database, generating reports is relatively simple. The Investigator Portal also includes the ability to save audio clips to any recordable media.

*Forensic Reports and Certified Expert Witness Services*

Our gunshot data is also useful for detailed forensic analysis that helps reveal and clarify what actually occurred during a gunfire incident, including the identification of certain weapon types, the number and specific time of each individual round fired, the number of shooters involved and the changes in location and direction of shooters in motion. Because our solutions provide an exact time, location and audio recording of a gunshot, we are able to provide authorities with critical evidence for investigations and prosecutions. In addition to predefined and customer-generated reports, our experts can create a detailed forensic report of any single gunfire incident. These detailed forensic reports, or DFRs, provide law enforcement and prosecutors with detailed, court-admissible audio and incident analyses. In 2016, we completed 445 DFRs for outdoor gunshot incidents. We believe that no other acoustic-based gunshot detection system has provided acceptable forensic evidence for use in a court of law.


SST™
Detailed Forensic Report
Shooting Description
Incident Time Analyzed
The spool data was reviewed for 19:29:42 hours on February 24, 2017.
Position With Respect to the Coverage Area
Figure 1 - ShotSpotter Coverage Area
SST™
Detailed Forensic Report
Site-specific Acoustics
Sensor 18 (287m)
Sensor 25 (1090m)
Sensor 32 (1098m)

As part of our solution, we also offer expert testimony to review details of the DFRs and technical expertise regarding our technology. Evidence captured by our ShotSpotter Flex solution, combined with testimony of our experts, has been successfully admitted in over 50 court cases across 12 states and in the District of Columbia. In four of those states – California, New York, Pennsylvania and Nebraska – our scientific technique was found to be admissible despite procedural challenges.

**Deployment and Customer Success**

When we deploy a new ShotSpotter Flex solution, we install our outdoor sensors in a specified coverage area according to our contract with the customer. As an initial step, we perform site surveys of the coverage area to design a sensor array, which is typically comprised of 15 to 20 sensors per square mile. We typically install sensors on the highest buildings in the area, but we may also use existing infrastructure assets such as light poles. Once permission for installation is obtained, we typically engage local electricians to install the sensors and perform required maintenance. Where permitted, we perform sensor calibration and quality validation testing to determine that the sensors are operational prior to "going live" with the customer.

Given the specialized nature of our market, a key component of our strategy is to maintain our passionate focus on customer success. We pride ourselves on our execution in customer on-boarding as well as ongoing consulting and customer support, all of which is critical to ensure not only high customer retention rates but new customer acquisitions. We implement our customer success initiative early in the sales process in order to ensure that we are aligned with the customer's objectives and can positively impact their defined outcomes. For example, during deployment, our customer support team, consisting of experienced law enforcement professionals, provides on-site training to the customer's officers, dispatchers and investigators, including training on how to use the solution and best practices for optimal results. We apply proven, consultative best practices and policy development at the command staff level as well as tactical training for field patrol officers. All of our efforts are focused on driving positive measurable outcomes on gun violence reduction and prevention.

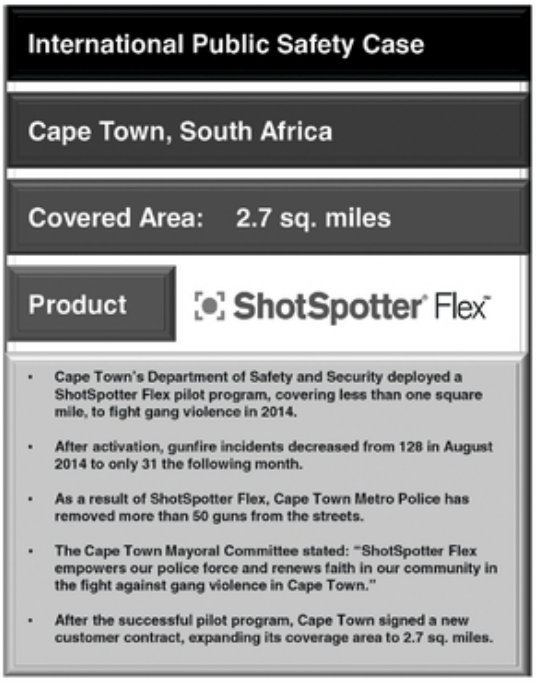
Our IRC and customer service organizations provide continuous outdoor incident classification and technical support 24 hours a day, seven days a week, 365 days a year. The nature of our outdoor incident classification process provides ongoing and significant touchpoints with our customers through our published alerts. We also interact with our customers through email, chat and telephone inquiries, and monitor our customers' local news feeds and radio dispatch traffic in order to remain aware of their violence prevention activities.

Our customer success team is responsible for conducting periodic in-person account reviews that detail all aspects of the services provided, including outcomes generated and areas for future improvement. We believe that these account reviews, along with our formalized on-boarding customer success program, are largely responsible for our high net promoter score, or NPS. We obtain our NPS by conducting surveys to measure customer loyalty and satisfaction. We believe a high NPS indicates a substantial competitive advantage in facilitating customer acquisition and retention and increases customer lifetime value.

**Our Customers**

As of March 31, 2017, we had active deployments of our solutions in more than 90 locations in the United States, Puerto Rico, the U.S. Virgin Islands and South Africa, including 74 public safety customers in 89 cities and municipalities across the United States and in four of the ten largest cities. Our largest customers of our public safety solution, measured by covered square miles, included: New York City, New York; Birmingham, Alabama; Chicago, Illinois; Washington, D.C.; Oakland and San Francisco, California; and the Puerto Rico Housing Administration. Of our 74 public safety customers, over 39% have expanded their coverage areas from their original deployment areas by an average of

seven square miles, and our net revenue retention rate has been over 100% for each of 2016, 2015 and 2014. Our public safety solution covered approximately 450 square miles worldwide as of March 31, 2017, up from approximately 230 square miles as of the end of 2013. We also had six security solutions customers covering seven higher education campuses, of which five had their solutions fully deployed as of March 31, 2017.


**Sales**

We sell our solutions through our direct sales teams. Our sales teams focus on both new customer acquisition, customer renewal and coverage expansion. Our public safety solution sales team identifies communities with the opportunity to benefit from our solutions, communicates with key stakeholders, navigates the challenges associated with our customers' complex funding and sales cycles, and establishes a foundation for a successful customer relationship. In addition, our sales team works with customers to identify and procure funds from alternate sources, including state and federal government grants. Our security solutions sales team focuses primarily on college and university campuses, typically with the head of campus security, but also by engaging with boards of regents, budget office personnel and other campus stakeholders. We intend to continue to invest in building a global sales organization as we further penetrate the market for ShotSpotter Flex and expand the customer base for our security solutions.

At times, we may sell our solutions through channel partners as part of "Smart Cities" initiatives. To help integrate our solutions with other services in this space and to take advantage of current and emerging technologies, we seek to enter into alliances with leading companies focused on such initiatives. For example, we recently entered into a partnership with General Electric to integrate our outdoor sensors, along with other technologies, into street lighting systems that help cities collect data and improve their operations. By integrating our solutions with General Electric's systems, we believe we will expand our coverage.

**Marketing**

We focus our marketing efforts on the strength of our ShotSpotter brand and the unique features and benefits of our ShotSpotter Flex, SST SecureCampus and ShotSpotter SiteSecure solutions.

We believe we benefit from significant public press. Our solutions and our company are frequently highlighted by television and print-based news media outlets as well as in several TV series. Our solutions have been featured in The Washington Post, USA Today, New York Times, The Economist, Time Magazine, Wall Street Journal, The Boston Globe and Bloomberg, and has been highlighted in a recent Harvard Business School case study. Examples of our solutions have been shown in TV shows such as *Bones*, *Castle*, *Crime 360*, *Dr. Drew's Lifechangers*, *Elementary* and *Person of Interest*. We were mentioned over 14,000 times in print and broadcast media during 2014, 2015 and 2016 combined. This free public exposure generates market knowledge of our gunfire detection solutions and is a significant source of lead generation.

Our marketing programs are a significant additional source of lead generation. The efforts of our marketing team include email campaigns, webinars, conferences, branding, partnerships, product videos and social media. In 2016, we attended or sponsored more than 20 events and conferences, and engaged with over 1,000 mayors, elected and law enforcement officials and security personnel. We benefit from the endorsement of several U.S. mayors and police chiefs whose cities use our public safety solution.

Every year, we publish a National Gunfire Index Report. This report details a comprehensive analysis and overview of otherwise underreported instances of gun violence. We believe the data we collect and analyze is of value to law enforcement agencies, city leaders, researchers and the media. We invite customers and potential customers to use this report as a data source to better understand gunfire trends in communities and see how shooting incidents in their communities compare to other cities that are also using our public safety solution.

**Research and Development**

We focus our research and development efforts on enhancing our advanced signal processing and classification algorithms, updating our sensor hardware technology, reducing manufacturing costs, developing mobile alert applications for our security solutions and integration with "smart cities" initiatives. As of March 31, 2017, we had 13 employees in our research and development organization. In addition, we engage in research and development activities with manufacturing partners and outsource certain activities to engineering firms to further supplement our internal team.

**Competition**

The markets for public safety and security solutions are highly fragmented and evolving. Whether installed in local communities, on critical infrastructure or on a campus, for a gunfire detection system to be effective, the protection zone must be comprehensive. We believe our gunshot detection solutions represent the most effective public safety and security solutions on the market.

We compete on the basis of a number of factors, including:

- product functionality, including the ability to cover broad outdoor geographic spaces as well as enclosed indoor spaces;
- solution performance, including the rapid capture of multiple acoustic incidents and accuracy;
- ease of implementation, use and maintenance;
- total cost of ownership; and
- customer support and customer success initiatives.

***Public Safety Solution Competitors***

Our ShotSpotter Flex solution is unique because it provides scalable wide area surveillance over large and geographically diverse areas, provides immediate and precise data on gunfire, helps communities define the scope of illegal gunfire, and provides cities with detailed forensic data for investigation, prosecution and analysis. While we are not aware of any direct competitors offering wide-area solutions comparable to ShotSpotter Flex, we believe the primary competitors in the broader gunfire detection space are Rafael Advanced Defense Systems Ltd., Raytheon Company, Safety Dynamics, Inc. and Thales Group.

Most of these other outdoor solutions on the market offer limited scope point protection, also known as "counter-sniper systems." These systems are designed primarily well for defined military or SWAT team applications, where the target is known in advance and it is possible to put a sensor directionally toward the target. However, urban areas and critical infrastructure require a wider system of protection which can cover a large area.

Although there are not direct competitors for our public safety solution, we do compete with other possible uses of the limited funding available to our ShotSpotter Flex customers. Because law enforcement agencies or government entities have limited funds, they may have to choose among resources or solutions that help them to meet their overall mission. Accordingly, we compete not only with our customers' internal budget decisions, but with numerous companies vying for these limited funds, including Everbridge, Inc. and Taser International, Inc., among others. We believe that in areas with significant levels of gun activity, ShotSpotter Flex is uniquely positioned to assist customers in interrupting, detecting and preventing gun violence.

***Security Solutions Competitors***

Our security solutions business operates in a highly competitive environment. In addition to other gunfire detection companies, we may face competition from companies offering alternative security technologies, such as video surveillance, access control, alarm and lighting systems. The direct competitors for security solutions include the Guardian system by Shooter Detection Systems LLC, SENTRI by Safety Dynamics Inc. and AmberBox, Inc. In addition, we believe that the ability to cover both indoor and outdoor areas as part of a single subscription is an important benefit of our security solution. We believe none of our security solutions competitors is able to offer the comprehensive outdoor coverage we do.

**Intellectual Property**

Our future success and competitive position depend in part on our ability to protect our intellectual property and proprietary technologies. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws, and contractual protections in the United States and other jurisdictions.

As of March 31, 2017, we had 31 issued patents, 30 in the United States and one in Israel, as well as patent applications pending for examination in the United States, Europe, Brazil and Mexico.

One of the patents expires in 2017 and the remaining expire on various dates from 2022 to 2034. We do not expect the expiration of the patent in 2017 to have a material impact on the operations of the company. We also license one patent from a third party, which expires in 2023.

We also license software from third parties for integration into our offerings, including open source software and other software available on commercially reasonable terms. We cannot assure you that such third parties will maintain such software or continue to make it available.

**Employees**

As of March 31, 2017, we had 70 full-time and six part-time employees, including 14 in sales and marketing, 10 in general and administrative functions, 13 in research and development and 39 in operations. None of our employees is represented by a labor union or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

**Facilities**

Our principal facilities consist of office space for our corporate headquarters in Newark, California, where we occupy approximately 12,020 square feet of space under a lease that expires in October 2021.

We lease our facilities and do not own any real property. We may 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 expansion of our operations.

**Legal Proceedings**

At the present time, we are not involved in any material litigation. However, from time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business.

## MANAGEMENT

### Executive Officers, Other Executive Management and Directors

Our executive officers, other executive management and directors and their respective ages and positions as of April 30, 2017 are as follows:

| Name | Age | Positions |
|---|---|---|
| ***Executive Officers*** | | |
| Ralph A. Clark | 58 | President, Chief Executive Officer and Director |
| Alan R. Stewart | 53 | Chief Financial Officer |
| Paul S. Ames | 58 | Senior Vice President of Products and Technology |
| Gary T. Bunyard | 57 | Senior Vice President of Public Safety Solutions |
| Joseph O. Hawkins | 58 | Senior Vice President, Operations |
| ***Other Executive Management*** | | |
| Damaune Y. Journey | 39 | Vice President, Security Solutions |
| Douglas A. McFarlin | 63 | Vice President, Engineering |
| David P. Rodgers | 71 | Vice President, Operational Engineering |
| Sonya L. Strickler | 42 | Vice President, Finance and Controller |
| ***Non-Employee Directors*** | | |
| Thomas T. Groos(3) | 60 | Director |
| Randall Hawks, Jr.(1)(2) | 66 | Director |
| Gary M. Lauder(3) | 54 | Director |
| Pascal Levensohn(1)(2) | 56 | Director |
| Marc Morial(1)(3) | 59 | Director |

(1) Member of the audit committee.
(2) Member of the compensation committee.
(3) Member of the nominating and corporate governance committee.

### Executive Officers

*Ralph A. Clark* has served as our President and Chief Executive Officer and as a member of our board of directors since August 2010. From September 2005 until July 2010, Mr. Clark served as Chief Executive Officer of GuardianEdge Technologies, Inc., an endpoint data security firm. Prior to that, Mr. Clark served as Vice President, Finance of Adaptec, Inc. following Adaptec's acquisition of Snap Appliances, Inc., where he had been Chief Financial Officer. Mr. Clark also has held various positions at start-up companies, served in executive sales and marketing roles at IBM and worked as an investment banker at Goldman Sachs and Merrill Lynch. Mr. Clark holds a B.S. in economics from the University of the Pacific and an M.B.A. from Harvard Business School. Our board of directors believes that Mr. Clark's significant business experience from both inside and outside our industry and his role as our Chief Executive Officer qualify him to serve on our board of directors.

*Alan R. Stewart* has served as our Chief Financial Officer since February 2017. From May 2015 to February 2017, Mr. Stewart was a Managing Director of RA Capital Advisors, LLC, a private investment bank specializing in mergers and acquisitions, private financings and restructurings. From 2004 to 2014, he served as Chief Financial Officer and then Chief Development Officer of Epsilon Systems Solutions, Inc. Since 2008, Mr. Stewart has served as President of FIT Advisors, LLC, a boutique consulting firm that offers temporary CFO services and served clients from start-up ventures to large private companies and in vertical industries including government contracting, software, retail, healthcare IT, banking and Internet applications. Mr. Stewart was selected as San Diego Business Journal's CFO of the Year in 2007 and again in 2013. Both awards were in the large private business

category. Prior to his business career, Mr. Stewart served over ten years as a submarine nuclear engineer in the United States Navy. He received his B.S. in Oceanography, with distinction, from the U.S. Naval Academy and his M.B.A. from Harvard Business School.

*Paul S. Ames* has served as our Senior Vice President of Products and Technology since November 2014. In December 2012, Mr. Ames founded Deckchair Software LLC, a mobile application development company, where he continues to serve as Chief Executive Officer. From September 2006 until May 2011, Mr. Ames worked with Premier Retail Networks, a digital media company, first as Vice President, Quality Assurance and then as Vice President of Product Development. Prior to that, Mr. Ames served in a variety of engineering and technology roles for companies in a broad range of industries including communications, finance, professional information and media. Mr. Ames holds a Diploma in Electronic Sound from University College, Cardiff (now Cardiff University) and a Higher National Diploma in Computer Science from the Polytechnic of Wales (now the University of Glamorgan).

*Gary T. Bunyard* has served as our Senior Vice President of Public Safety Solutions since January 2017. From January 2012 to May 2015, Mr. Bunyard served as Vice President of Sales for TriTech Software Systems. Prior to that, Mr. Bunyard held positions as Vice President of Sales & Marketing for Tiburon Corporation and for VisionAIR, Inc., both public safety software companies. Mr. Bunyard also held the position as President & Chief Operating Officer and subsequently President & Chief Executive Officer for Tiburon Corporation after holding several sales executive and sales management positions at IBM. Mr. Bunyard holds a B.B.A. in International Business and a B.A. in Psychology from the University of Texas at Austin.

*Joseph O. Hawkins* has served as our Senior Vice President, Operations since July 2012. From December 2010 to December 2011, Mr. Hawkins served as Vice President of Operations for Netpulse, Inc., a provider of digital entertainment services to the fitness industry. From September 2002 to March 2009, he served as Senior Vice President of Operations & Media Solutions for Premier Retail Networks, a digital media company and from June 1999 to August 2002 as Director of QA & Engineering Services for Jeeves Solutions, Inc., the enterprise software division of Ask.com, an internet search company. Mr. Hawkins also has held various positions in information systems technology management at Inquisit, Inc., Knight-Ridder Information, Inc. and Pacific Bell Telephone Company. Mr. Hawkins holds a B.A. in English from the University of California at Berkeley.

**Other Executive Management**

*Damaune Y. Journey* has served as our Vice President, Security since October 2014. From July 2010 to October 2014, he served as Director of Global Business Development for Campbell/Harris Security Equipment Company, a security technology company. He also held various positions in engineering, manufacturing and sales at Eli Lilly and Company and worked for Dell Computer Corporation. He holds a B.S. in Industrial and Operations Engineering from the University of Michigan and an M.B.A. from Harvard Business School.

*Douglas A. McFarlin* has served as our Vice President, Engineering since May 2005. From January 1996 to May 2005, he served as Vice President of Engineering at Novariant, Inc. and Honeywell International Inc., and has also held senior engineering management positions at Measurex Corporation. Mr. McFarlin holds a B.S. in Electrical Engineering from the University of California at Davis and a M.S. in Electrical Engineering from the University of California at Berkeley.

*David P. Rodgers* has served as our Vice President, Operational Engineering since February 2013 and also served as our Senior Vice President, Products from June 2011 to February 2013. From January 2009 to January 2011, he served as Vice President of Engineering and Operations for Schooner

Information Technology Inc., a database management systems company. From April 2006 to June 2008, Mr. Rodgers served as the Vice President of Engineering at Agami Systems, Inc., an enterprise network storage systems company. In addition, Mr. Rodgers has held numerous executive level positions at Sequent Computer Systems. He holds a B.S. in Computer Science from Carnegie-Mellon University.

*Sonya L. Strickler* has served as our Vice President, Finance and Controller since July 2009 and held the role of Controller from April 2007 to July 2009. She also held various positions as an auditor for KPMG, LLP and Arthur Andersen. Ms. Strickler holds a B.S. in Business Administration from the University of the Pacific and is a Certified Public Accountant.

**Non-Employee Directors**

*Thomas T. Groos* has served as a member of our board of directors since February 2014 and previously served as a member of our board of directors from 2007 until 2012. Mr. Groos has been a partner at City Light Capital, a venture capital firm, since 2006. Since 2009, Mr. Groos has served as the Vice Chairman of the Board of Minimax-Viking Group, a fire protection company, following its acquisition of the Viking Group, where Mr. Groos served as Chief Executive Officer from 1994 through 2007. Mr. Groos is also a member of the board of directors of Heartland Steel Products, LLC, a Michigan-based manufacturer of industrial robotic systems. Mr. Groos is a co-founder of The ImPact Society, a non-profit dedicated to promotion of impact investing among private investors. He is a member of the Board of Trustees of Cornell University and a director of Endeavor Detroit. Mr. Groos holds a B.A. in Economics from Cornell University and an M.B.A. from Columbia Business School. Our board of directors believes that Mr. Groos' experience in the technology industry and investment experience qualify him to serve on our board of directors.

*Randall Hawks, Jr.* has served as a member of our board of directors since 2006. Mr. Hawks is a partner at Claremont Creek Ventures, a venture capital firm where he has been since June 2005. From 1984 to 2000, Mr. Hawks was the Executive Vice President and Chief Operating Officer and Director at Identix Incorporated, an identity protection company. Mr. Hawks also has held various senior management positions at Captiva Software Corp., Texas Instruments, ITT Information Systems and AT&T Paradyne. He has also served on the board of directors of EcoATM, SmartZip, Inapac, Invivodata, Flytecomm, View Central and Be Here. Mr. Hawks holds a B.S. in Electrical Engineering from the University of Arkansas. Our board of directors believes that Mr. Hawks's experience investing in technology businesses and his service on numerous boards of directors qualify him to serve on our board of directors.

*Gary M. Lauder* has served as a member of our board of directors since 2005. Mr. Lauder is the Managing Director of Lauder Partners LLC, a venture capital firm where he has been since November 2000. He has been a venture capitalist since 1985. Mr. Lauder serves on the Technology Advisory Board of Liberty Global International, the Advisory Board of Santa Clara University's Markkula Center for Applied Ethics, the Board of Governors of Alzheimer's Drug Discovery Foundation and on the Transportation Committee of the Town of Atherton, California. Mr. Lauder holds a B.A. in International Relations from the University of Pennsylvania, a B.S. in Economics from The Wharton School at the University of Pennsylvania and an M.B.A. from the Stanford Graduate School of Business. Our board of directors believes that Mr. Lauder's experience investing in technology businesses and his service on numerous boards of directors qualify him to serve on our board of directors.

*Pascal Levensohn* has served as a member of our board of directors since 2007. Since 2014, Mr. Levensohn has served as a Managing Director of Dolby Family Ventures, L.P., a venture capital fund. Since 1996, Mr. Levensohn has also served as the founder and Managing Partner of Levensohn Venture Partners, a venture capital firm, and the Chief Executive Officer of Generation Strategic

Advisors LLC, a consulting firm specializing in startup technology companies and its predecessor entities. From April 2007 until April 2011, Mr. Levensohn served on the board of directors of the National Venture Capital Association. He is a member of the Council on Foreign Relations and a trustee of the American Academy in Berlin. Mr. Levensohn holds an A.B. in Government from Harvard University. Our board of directors believes that Mr. Levensohn's experience investing in technology businesses and his service on numerous boards of directors qualify him to serve on our board of directors.

*Marc Morial* has served as a member of our board of directors since September 2015. Since 2003, Mr. Morial also has served as the President and Chief Executive Officer of the National Urban League, a civil rights organization dedicated to economic empowerment in order to elevate the standard of living in historically underserved urban communities. From 1994 to 2002, Mr. Morial served as the Mayor of New Orleans, Louisiana. Prior to serving as Mayor of New Orleans, Mr. Morial held other various positions in public office and nonprofit management. Mr. Morial has a B.A. in economics from the University of Pennsylvania and a J.D. from Georgetown University. Our board of directors believes that Mr. Morial's experience in serving underserved urban communities, local governments and community organizations qualifies him to serve on our board of directors.

**Family Relationships**

There are no family relationships among any of our directors or executive officers.

**Board Composition**

The members of our board of directors were elected in compliance with the provisions of a voting agreement among certain of our stockholders. Under the voting agreement, the parties agreed to vote their shares to elect (i) one individual designated by each of Levensohn Venture Partners, currently Pascal Levensohn, The Gary M. Lauder Revocable Trust, currently Gary M. Lauder, and Claremont Creek Ventures, L.P., currently Randall Hawks, in each case subject to certain limitations, (ii) the Chief Executive Officer and (iii) up to two additional directors. The voting agreement will terminate upon the closing of this offering and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors thereafter.

Our board of directors may establish the authorized number of directors from time to time by resolution and currently consists of six members. In accordance with our amended and restated certificate of incorporation to become effective upon the completion of this offering, or the amended and restated certificate of incorporation, our board of directors will be divided into three classes with staggered three-year terms. Each director serves until the expiration of the term for which such director was elected or appointed, or until such director's earlier death, resignation or removal. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- Class I, which will consist of Gary M. Lauder and Randall Hawks, Jr., and whose term will expire at our first annual meeting of stockholders to be held after the completion of this offering;
- Class II, which will consist of Pascal Levensohn and Thomas T. Groos, and whose term will expire at our second annual meeting of stockholders to be held after the completion of this offering; and
- Class III, which will consist of Ralph A. Clark and Marc Morial, and whose term will expire at our third annual meeting of stockholders to be held after the completion of this offering.

We expect that any additional directorships resulting from an increase 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. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

**Director Independence**

Upon the completion of this offering, we anticipate that our common stock will be listed on the NASDAQ Stock Market. Under NASDAQ listing requirements and rules, independent directors must compose a majority of a listed company's board of directors within 12 months after its initial public offering. In addition, NASDAQ rules require that, subject to specified exceptions and phase in periods following its initial public offering, each member of a listed company's audit and compensation committees be independent. Under NASDAQ rules, 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.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act, or Rule 10A-3. To be considered to be independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his capacity as a member of our audit committee, our board of directors, or any other committee of our board of directors: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that all members of our board of directors except Mr. Clark do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under Rule 10A-3 and NASDAQ listing requirements and rules. In making this determination, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. Our board of directors also determined that Messrs. Levensohn, Hawks and Morial, who compose our audit committee, satisfy the independence standards for the audit committee established by NASDAQ listing standards and Rule 10A-3. Our board of directors has determined that Messrs. Hawks and Levensohn, who compose our compensation committee, satisfy the independence standards for the compensation committee established by NASDAQ listing standards, are "non-employee directors" as defined in Rule 16b-3 promulgated under the Exchange Act, or the Exchange Act, and are "outside directors" as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, or the Code.

**Board Committees**

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. Our board of directors may establish other committees to facilitate the management of our business. The composition and functions of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

***Audit Committee***

Our audit committee consists of three directors, Messrs. Levensohn, Hawks and Morial, each of whom our board of directors has determined satisfies the independence requirements for audit committee members under NASDAQ listing standards and Rule 10A-3. Each member of our audit committee meets the financial literacy requirements of NASDAQ listing standards. Mr. Levensohn is the chairman of the audit committee and our board of directors has determined that Mr. Levensohn is an "audit committee financial expert" as defined by Item 407(d) of Regulation S-K under the Securities Act. The principal duties and responsibilities of our audit committee include, among other things:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance 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 the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing our policies on risk assessment and risk management;
- reviewing related party transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes our internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit services, other than de minimis non-audit services, to be performed by the independent registered public accounting firm.

Our audit committee operates under a written charter that satisfies applicable NASDAQ listing standards.

***Compensation Committee***

Our compensation committee consists of two directors, Messrs. Hawks and Levensohn, each of whom our board of directors has determined satisfies the independence requirements for compensation committee members under NASDAQ listing standards, is a non-employee director as defined in Rule 16b-3 under the Exchange Act and is an outside director as that term is defined in Section 162(m) of the Code, or Section 162(m). Mr. Hawks is the chairman of the compensation committee. The composition of our compensation committee meets the requirements for independence under current NASDAQ listing standards and current SEC rules and regulations. The principal duties and responsibilities of our compensation committee include, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- reviewing and approving, or recommending that our board of directors approve, the terms of compensatory arrangements with our executive officers;

- administering our stock and equity incentive plans;
- reviewing and approving, or recommending that our board of directors approve, incentive compensation and equity plans; and
- reviewing and establishing general policies relating to compensation and benefits of our employees and reviewing our overall compensation philosophy.

Our compensation committee operates under a written charter that satisfies applicable NASDAQ listing standards.

***Nominating and Corporate Governance Committee***

Our nominating and corporate governance committee consists of three directors, Messrs. Morial, Lauder and Groos, each of whom our board of directors has determined is an independent director under NASDAQ listing standards. Mr. Morial is the chairman of the nominating and corporate governance committee. The nominating and corporate governance committee's responsibilities include, among other things:

- identifying, evaluating and selecting, or recommending that our board of directors approve, nominees for election to our board of directors and its committees;
- evaluating the performance of our board of directors and of individual directors;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- reviewing developments in corporate governance practices;
- evaluating the adequacy of our corporate governance practices and reporting;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters; and
- overseeing an annual evaluation of the board's performance.

Our nominating and corporate governance committee operates under a written charter.

**Code of Business Conduct and Ethics**

In connection with this offering, we plan to adopt a code of business conduct and ethics that will apply to all of our employees, officers and directors, including those officers responsible for financial reporting. Upon completion of this offering, our code of business conduct and ethics will be available on our website at www.shotspotter.com. We intend to disclose any amendments to the code, or any waivers of its requirements, on our website to the extent required by the applicable rules and exchange requirements. The inclusion of our website address in this prospectus does not include or incorporate by reference into this prospectus the information on or accessible through our website.

**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 currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

**Non-Employee Director Compensation**

The following table sets forth information regarding cash and non-cash compensation earned by or paid to our non-employee directors during 2016:

| Name | Fees Earned or Paid in Cash | Option Awards(1) |
|---|---|---|
| Thomas T. Groos | $ — | $ — |
| Randall Hawks, Jr. | — | — |
| Gary M. Lauder | — | — |
| Pascal Levensohn | — | 6,429 |
| Marc Morial(2) | 65,000 | — |

(1) The amounts reported do not reflect the amounts actually received by our non-employee directors. Instead, these amounts reflect the aggregate grant date fair value of each stock option granted to our non-employee directors during the fiscal year ended December 31, 2016, as computed in accordance with ASC 718. Assumptions used in the calculation of these amounts are included in Note 3 to our consolidated financial statements included in this prospectus. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Our non-employee directors who have received options will only realize compensation with regard to these options to the extent the trading price of our common stock is greater than the exercise price of such options.

(2) We entered into an independent consulting services agreement with Mr. Morial pursuant to which we agreed to pay Mr. Morial $10,000 per quarter for his services as a member of our board of directors. Such agreement will terminate upon the completion of this offering. We also paid Mr. Morial $25,000 in 2016 for his business development efforts in helping us secure a customer contract.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth information regarding the compensation awarded to or earned by the executive officers listed below during the year ended December 31, 2016. As an emerging growth company, we have opted to comply with the reduced executive compensation disclosure rules applicable to "smaller reporting companies," as such term is defined in the rules promulgated under the Securities Act, which require compensation disclosure for only our principal executive officer and the two most highly compensated executive officers other than our principal executive officer. Throughout this prospectus, these three officers are referred to as our "named executive officers."

| Name and Principal Position | Year | Salary ($) | Bonus ($)(1) | Option Awards ($)(2) | Non-Equity Incentive Plan Compensation ($)(3) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Ralph A. Clark<br>*President and Chief Executive Officer* | 2016 | $ 300,000 | $ 275,000 | $ 102,031 | — | — | $ 677,031 |
| Paul S. Ames<br>*Senior Vice President of Products and Technology* | 2016 | $ 200,000 | — | — | $ 20,000 | — | $ 220,000 |
| Joseph O. Hawkins<br>*Senior Vice President, Operations* | 2016 | $ 200,000 | — | $ 6,629 | $ 25,000 | — | $ 231,629 |

(1) The amount reported in the "Bonus" column for Mr. Clark represents a discretionary bonus for performance in 2016 to be paid in 2017.

(2) Amounts reported in this column do not reflect the amounts actually received by our named executive officers. Instead, these amounts reflect the aggregate grant date fair value of each stock option granted to the named executive officers during the fiscal years ended December 31, 2016, as computed in accordance with FASB ASC 718. Assumptions used in the calculation of these amounts are included in the notes to our consolidated financial statements included in this prospectus. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Our named executive officers will only realize compensation to the extent the trading price of our common stock is greater than the exercise price of such stock options.

(3) The amounts reported in the "Non-Equity Incentive Plan Compensation" column for Mr. Ames and Mr. Hawkins represent performance-based bonuses for performance in 2016 and paid in 2017 pursuant to each such named executive officer's performance milestone-based objectives for such year, where 50% of the target bonus may be earned upon achievement of company milestones based on revenues and operating expenses, and the remaining 50% may be earned upon achievement of individual goals. Mr. Ames's 2016 bonus target was $40,000, and $16,666 out of his total actual bonus was earned based on achievement of company milestones. Mr. Hawkins's 2016 bonus target was $50,000, and $13,333 out of his total actual bonus was earned based on achievement of company milestones.

**Outstanding Equity Awards as of December 31, 2016**

The following table provides information regarding each unexercised stock option to purchase our common stock held by our named executive officers as of December 31, 2016.

| Name | Vesting Commencement Date | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price ($) | Option Expiration Date |
|---|---|---|---|---|---|
| Ralph A. Clark | 7/6/2010 | 113,236 | — | 0.68 | 7/6/2020 |
| | 6/9/2011 | 92,648 | — | 0.68 | 6/8/2021 |
| | 10/30/2012 | 247,059 | — | 0.68 | 10/31/2022 |
| | 7/19/2016 | 12,255 | 105,393(1)(3) | 1.70 | 7/19/2026 |
| Paul S. Ames | 11/17/2014 | 1,378 | 10,570(2)(3) | 0.85 | 9/16/2025 |
| Joseph O. Hawkins | 7/2/2012 | 29,412 | — | 0.68 | 10/31/2022 |
| | 2/2/2016 | 3,063 | 11,643(3)(4) | 0.85 | 2/2/2026 |

(1) 1/48 of the shares subject to the stock option vest each month following the one-month anniversary of the vesting commencement date.

(2) The shares subject to the stock option vest over a four-year period as follows: 25% of the shares underlying the options vest on the one-year anniversary of the vesting commencement date and thereafter 1/48th of the shares vest each month, subject to continued service with us through each vesting date.

(3) Stock option is subject to accelerated vesting upon a qualifying termination of the executive's employment with us, as described under "Executive Compensation – Potential Payments and Benefits upon Termination or Change in Control."

(4) The shares subject to the stock option vest over a four-year period, with 1/48th of the shares vesting each month following the vesting commencement date, subject to continued service with us through each vesting date.

In addition to the equity awards disclosed in the table above, in March 2017, our board of directors granted options to purchase shares of our common stock to our named executive officers at an exercise price per share of $3.06. Mr. Clark received a grant for 34,000 shares, Mr. Ames received a grant for 4,000 shares and Mr. Hawkins received a grant for 1,000 shares. The shares underlying these option grants vest on a monthly basis over 48 months from the vesting commencement date.

**Executive Officer Offer Letters and Arrangements**

The initial terms and conditions of employment for each of our named executive officers are set forth in written offer letters. In March 2017, we entered into revised employment offer letters with each of our named executive officers as well as some of our executive officers, including Alan R. Stewart and Gary T. Bunyard, setting forth the terms and conditions of such executive's employment with us, the terms of which are described below. Each of our executive officers has also executed our standard form of confidential information and invention assignment agreement. Any potential payments and benefits due upon a termination of employment or a change in control of us are further described below under the heading "– Potential Payments and Benefits Upon Termination or Change in Control."

***Ralph A. Clark***

We entered into an initial offer letter with Ralph A. Clark, our President and Chief Executive Officer, dated July 2, 2010, which set forth the initial terms and conditions of his employment with us. In March 2017, we entered into a new offer letter with Mr. Clark, which replaced and superseded

Mr. Clark's prior offer letter. Pursuant to the new offer letter, Mr. Clark's base salary is $300,000 per year. Mr. Clark is also eligible to receive an annual target bonus of up to 100% of his base salary. Mr. Clark's employment is at will and may be terminated at any time, with or without cause.

***Paul S. Ames***

We entered into an initial offer letter with Paul S. Ames, our Senior Vice President of Products and Technology, dated October 31, 2014, which set forth the initial terms and conditions of his employment with us. In March 2017, we entered into a new offer letter with Mr. Ames, which replaced and superseded Mr. Ames's prior offer letter. Pursuant to the new offer letter, Mr. Ames's base salary is $225,000 per year. Mr. Ames is also eligible to receive an annual target bonus of up to 25% of his base salary. Mr. Ames's employment is at will and may be terminated at any time, with or without cause.

***Joseph O. Hawkins***

We entered into an initial offer letter with Joseph O. Hawkins, our Senior Vice President, Operations, dated June 12, 2012, which set forth the initial terms and conditions of his employment with us. In March 2017, we entered into a new offer letter with Mr. Hawkins, which replaced and superseded Mr. Hawkins's prior offer letter. Pursuant to the new offer letter, Mr. Hawkins's base salary is $225,000 per year. Mr. Hawkins is also eligible to receive an annual target bonus of up to 25% of his base salary. Mr. Hawkins's employment is at will and may be terminated at any time, with or without cause.

***Alan R. Stewart***

We entered into an initial offer letter with Alan R. Stewart, our Chief Financial Officer, dated January 4, 2017, which set forth the initial terms and conditions of his employment with us. In March 2017, we entered into a new offer letter with Mr. Stewart, which replaced and superseded Mr. Stewart's prior offer letter. Pursuant to the new offer letter, Mr. Stewart's base salary is $250,000 per year. Mr. Stewart is also eligible to receive an annual target bonus of up to $150,000. Mr. Stewart's employment is at will and may be terminated at any time, with or without cause.

***Gary Bunyard***

We entered into an initial offer letter with Gary Bunyard, our Senior Vice President of Public Safety Solutions, dated November 4, 2016, which set forth the initial terms and conditions of his employment with us. In March 2017, we entered into a new offer letter with Mr. Bunyard, which replaced and superseded Mr. Bunyard's prior offer letter. Pursuant to the new offer letter, Mr. Bunyard's base salary is $175,000 per year. Mr. Bunyard is also eligible to receive annual commissions pursuant to an annual commission plan approved by the Company's Chief Executive Officer. Mr. Bunyard's employment is at will and may be terminated at any time, with or without cause.

**Potential Payments and Benefits upon Termination or Change in Control**

The offer letter agreements with each of Mr. Clark, Mr. Ames, Mr. Hawkins, Mr. Stewart and Mr. Bunyard provide that if we terminate such executive officer for any reason other than for cause, death or disability, such executive officer would be entitled to receive the following severance benefits:

- payment of such officer's then-current base salary for a period of six months following the termination date; and
- acceleration of six months of vesting of then-unvested options held by such executive officer.

In addition, if we terminate such executive officer other than for cause, death or disability, or such executive officer resigns his position with us for good reason, immediately prior to or within 12 months of a change in control, then the executive officer shall also be entitled to receive 100% acceleration of vesting of then-unvested options held by such executive officer upon such qualifying termination.

Payment of any severance benefits is conditioned on the executive officer's timely execution of a general release of claims in our favor.

**Equity Incentive Plans**

The principal features of our equity incentive plans and our 401(k) plan are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans, which, other than the 401(k) plan, are filed as exhibits to the registration statement of which this prospectus is a part.

***2017 Equity Incentive Plan***

We expect that our board of directors will adopt and our stockholders will approve prior to the completion of this offering our 2017 Equity Incentive Plan, or 2017 Plan. The 2017 Plan will become effective upon the execution of the underwriting agreement relating to this offering. We do not expect to issue awards from our 2017 Plan until after the completion of this offering, at which point no further grants will be made under our 2005 Plan, as described below under "Amended and Restated 2005 Stock Plan." No awards have been granted and no shares of our common stock have been issued under our 2017 Plan.

***Authorized Shares.*** The maximum number of shares of our common stock that may be issued under our 2017 Plan is equal to shares, which represents (1) new shares authorized for issuance under the 2017 Plan, plus (2) the number of shares of common stock reserved for issuance under our 2005 Plan at the time our 2017 Plan becomes effective and plus (3) shares subject to stock options or other stock awards granted under our 2005 Plan that may be returned to our 2005 Plan upon the expiration or termination of stock awards issued and outstanding under the 2005 Plan at the time our 2017 Plan becomes effective prior to vesting, up to a maximum of shares. Additionally, the number of shares of our common stock reserved for issuance under our 2017 Plan will automatically increase on January 1 of each year for a period of up to ten years, beginning on January 1, 2018 (assuming the 2017 Plan becomes effective before December 31, 2017) and ending on and including January 1, 2027, by % of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by our board of directors. The maximum number of shares of our common stock that may be issued upon the exercise of ISOs under our 2017 Plan is .

Shares subject to stock awards granted under our 2017 Plan that expire or terminate without being exercised in full, or that are paid out in cash rather than in shares, do not reduce the number of shares available for issuance under our 2017 Plan. Additionally, shares issued pursuant to stock awards under our 2017 Plan that we repurchase or that are forfeited, as well as shares used to pay the exercise price of a stock award or to satisfy the tax withholding obligations related to a stock award, become available for future grant under our 2017 Plan.

***Plan Administration.*** Our board of directors, or a duly authorized committee of our board of directors, will administer our 2017 Plan. Our board of directors may also delegate to one or more of our officers the authority to (1) designate employees (other than officers) to receive specified stock awards, and (2) determine the number of shares subject to such stock awards. Subject to the terms of our 2017 Plan, the board of directors has the authority to determine the terms of awards, including recipients, the exercise, purchase or strike price of stock awards, if any, the number of shares subject to

each stock award, the fair market value of a share of our common stock, the vesting schedule applicable to the awards, together with any vesting acceleration and the form of consideration, if any, payable upon exercise or settlement of the award and the terms of the award agreements for use under our 2017 Plan.

The board of directors has the power to modify outstanding awards under our 2017 Plan. The board of directors has the authority to reprice any outstanding option or stock appreciation right, cancel any outstanding stock award in exchange for new stock awards, cash or other consideration or take any other action that is treated as a repricing under GAAP, with the consent of any adversely affected participant.

***Section 162(m) Limits.*** At such time as necessary for compliance with Section 162(m) of the Code, no participant may be granted stock awards that are intended to comply with Section 162(m) of the Code covering more than shares of our common stock under our 2017 Plan during any calendar year pursuant to stock options, stock appreciation rights and other stock awards whose value is determined by reference to an increase over an exercise price or strike price of at least 100% of the fair market value of our common stock on the date of grant. Additionally, no participant may be granted in a calendar year a performance stock award covering more than shares of our common stock or a performance cash award having a maximum value in excess of $ under our 2017 Plan. These limitations are intended to give us the flexibility to grant compensation that will not be subject to the $1,000,000 annual limitation on the income tax deductibility imposed by Section 162(m) of the Code.

***Types of Awards.*** Our 2017 Plan provides for the grant of incentive stock options (within the meaning of Section 422 of the Code) to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards, performance cash awards, and other forms of stock awards to employees, directors, and consultants, including employees and consultants of our affiliates. Our board of directors or our compensation committee approves the forms of award agreements for awards issued from the 2017 Plan. Unless otherwise provided in the applicable award agreement, vesting of an award will cease on the date the participant no longer provides services to us. A brief description of each type of award is set forth below.

*Stock Options.* A stock option is a right to purchase a share of our common stock at a certain price and upon certain conditions, and may be subject to vesting requirements. Our board of directors or our compensation committee 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 exercise price of stock options must be at least equal to the fair market value of our common stock on the date of grant and the maximum term of stock options is ten years. The exercise price of incentive stock options granted to 10% stockholders must be at least equal to 110% of the fair market value of our common stock on the date of grant and have a term that does not exceed five years.

*Restricted Stock Units.* A Restricted Stock Unit award, or RSU, represents the right to receive shares of our common stock (or a payment determined in reference to our common stock) at a specified future date, and may be subject to vesting requirements. An RSU award generally may be settled by cash, delivery of stock, a combination of cash and stock. Additionally, dividend equivalents may be credited in respect of shares covered by an RSU award if provided in the award agreement.

*Restricted Stock Awards.* A restricted stock award is an offer by us to sell or issue shares of our common stock subject to vesting requirements. The price (if any) of a restricted stock award will be determined by our board of directors or our compensation committee. In addition, dividends may be

paid on unvested shares currently or upon subsequent vesting of shares under a restricted stock award if provided in the award agreement. Unless otherwise provided in the applicable award agreement, 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.

*Stock Appreciation Rights.* Stock appreciation rights 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.

*Performance Awards.* Our board of directors or our compensation committee may grant stock-based or cash awards where vesting and exercise or settlement are subject to achievement of certain pre-established performance goals during a designated performance period. The 2017 Plan also permits the grant of stock and cash awards that may satisfy the requirements to qualify as performance-based compensation which is not subject to the $1,000,000 limitation on income tax deductibility imposed by Section 162(m) of the Code.

Our compensation committee may establish performance goals by selecting from one or more of the following performance criteria: (1) profits (including pre-tax profits, net profits, operating profits and net operating profits); (2) billings; (3) revenues (including net revenue); (4) earnings (which may include earnings per share, net earnings, and earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue, or a subset of these categories); (5) income (including net income and operating income and growth in income); (6) operating margin or cash flow; (7) gross margin; (8) operating expenses or operating expenses as a percentage of revenue; (9) cash flow (including free cash flow or operating cash flows); (10) cash conversion cycle ; (11) total stockholder return; (12) market share; (13) return on equity, assets, investment, or capital employed; (14) stock price performance; (15) growth in stockholder value relative to a pre-determined index; (16) debt reduction; (17) economic value added; (18) contract awards or backlog; (19) overhead or other expense reduction; (20) credit rating; (21) strategic plan development and implementation; (22) succession plan development and implementation; (23) employee retention; (24) improvement in workforce diversity; (25) customer satisfaction; (26) new product invention or innovation; (27) attainment of research and development milestones; (28) improvements in productivity; (29) budget management; (30) capital expenditures; (31) entry into or completion of strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); (36) bookings; and (37) to the extent that an award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the board of directors.

Our compensation committee may establish performance goals on a company-wide basis, with respect to one or more business units, divisions, affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless otherwise specified by our board of directors (i) in the award agreement at the time the award is granted or (ii) in such other document setting forth the performance goals at the time the performance goals are established, our compensation committee will appropriately make adjustments in the method of calculating the attainment of the performance goals as follows: (1) to exclude restructuring and other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to GAAP; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under GAAP; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by our company achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to

common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under our bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under GAAP; (11) and to exclude the goodwill and intangible asset impairment charges that are required to be recorded under GAAP.

***Changes to Capital Structure.*** In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, proportional and appropriate adjustments will be made to (1) the class and maximum number of shares reserved for issuance under the 2017 Plan, (2) the class and maximum number of shares by which the share reserve may increase automatically each year, (3) the class and maximum number of shares that may be issued on the exercise of incentive stock options, (4) the class and maximum number of shares subject to stock awards that can be granted in a calendar year (as established under the 2017 Plan under Section 162(m) of the Code), and (5) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding awards.

***Corporate Transactions.*** Our 2017 Plan provides that in the event of certain specified significant corporate transactions, as defined under our 2017 Plan, our board of directors has the authority to determine how outstanding awards will be treated, subject to the terms of an individual award agreement or a separate agreement between the company and a participant. The administrator may (1) arrange for the assumption, continuation or substitution of a stock award by a successor corporation; (2) arrange for the assignment of any reacquisition or repurchase rights held by us to a successor corporation; (3) accelerate the vesting, in whole or in part, of the stock award and provide for its termination prior to the transaction; (4) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by us; (5) cancel or arrange for the cancellation of the stock award prior to the transaction in exchange for a cash payment, or no payment, determined by the board of directors; or (6) make a payment, in the form determined by our board of directors, equal to the excess, if any, of the value of the property the participant would have received on exercise of the awards before the transaction over any exercise price payable by the participant in connection with the exercise. Our board of directors is not obligated to treat all stock awards or portions of stock awards, even those that are of the same type, in the same manner.

***Transferability.*** A participant may not transfer stock awards under our 2017 Plan other than by will, the laws of descent and distribution or as otherwise provided under our 2017 Plan.

***Plan Amendment or Termination.*** Our board of directors has the authority to amend, suspend, or terminate our 2017 Plan, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. No incentive stock options may be granted after the tenth anniversary of the date our board of directors adopted our 2017 Plan. No stock awards may be granted under our 2017 Plan while it is suspended or after it is terminated.

***Amended and Restated 2005 Stock Plan***

Our board of directors adopted and our stockholders approved our Amended and Restated 2005 Stock Plan, or our 2005 Plan, in 2005. Our 2005 Plan was amended and restated most recently in November 2012. Our 2005 Plan provides for the grant of incentive stock options, to our employees, and for the grant of nonstatutory stock options, or NSOs, restricted stock awards and stock appreciation rights to our employees, directors and consultants, including employees and consultants of our affiliates.

Our 2017 Plan, will become effective upon the execution of the underwriting agreement related to this offering. As a result, we will not grant any additional awards under our 2005 Plan following that date. However, any outstanding options granted under our 2005 Plan will remain outstanding, subject to the terms of our 2005 Plan and stock option agreements, until such outstanding options are exercised or until they terminate or expire by their terms. Options granted under our 2005 Plan have terms similar to those described above with respect to options to be granted under our 2017 Plan.

***Authorized Shares.*** The maximum number of shares of our common stock that may be issued under our 2005 Plan is 1,625,942. The maximum number of shares that may be issued upon the exercise of incentive stock options under our 2005 Plan is 1,625,942. Shares subject to stock awards granted under our 2005 Plan that expire or terminate without being exercised in full or are settled in cash become available for issuance under our 2005 Plan. Additionally, shares issued pursuant to stock awards under our 2005 Plan that we repurchase or that are forfeited, as well as shares used to pay the exercise price of a stock award or to satisfy the tax withholding obligations related to a stock award, become available for future grant under our 2005 Plan.

***Plan Administration.*** Our board of directors or a duly authorized committee of our board of directors administers our 2005 Plan and the stock awards granted under it. Subject to the terms of our 2005 Plan, the board of directors has the authority to determine and amend the terms of awards, including recipients, the exercise, purchase or strike price of stock awards, if any, the number of shares subject to each stock award, the fair market value of a share of our common stock, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of consideration, if any, payable upon exercise or settlement of the award and the terms of the award agreements for use under our 2005 Plan.

The board of directors has the power to modify outstanding awards under our 2005 Plan. The board of directors has the authority to reprice any outstanding option or stock appreciation right, cancel any outstanding stock award in exchange for new stock awards, cash or other consideration, or take any other action that is treated as a repricing under GAAP, with the consent of any adversely affected participant.

***Changes to Capital Structure.*** In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, proportional and appropriate adjustments will be made to the share reserve and the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding awards.

***Corporate Transactions.*** Our 2005 Plan provides that in the event of certain specified significant corporate transactions, as defined under our 2005 Plan, our board of directors has the authority to determine how outstanding awards will be treated, subject to the terms of an individual award agreement or a separate agreement between the company and a participant. Such authority is similar to the authority described above with respect to awards granted under the 2017 Plan.

***Transferability.*** A participant may not transfer stock awards under our 2005 Plan other than by will, the laws of descent and distribution, or as otherwise provided under our 2005 Plan.

***Plan Amendment or Termination.*** Our board of directors has the authority to amend, suspend or terminate our 2005 Plan, provided that such action does not impair the existing rights of any participant without such participant's written consent.

***2017 Employee Stock Purchase Plan***

We expect that our board of directors will adopt, and our stockholders will approve, our ESPP, in . The ESPP will become effective immediately on the execution and delivery of the underwriting agreement related to this offering. The purpose of the ESPP is to secure the services of new employees, to retain the services of existing employees and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Code for U.S. employees.

***Share Reserve.*** Following this offering, the ESPP authorizes the issuance of shares of our common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our common stock reserved for issuance will automatically increase on January 1st of each calendar year, beginning on January 1, 2018 (assuming the ESPP becomes effective before December 31, 2017) and ending on and including January 1, 2027, by the lesser of (1) % of the total number of shares of our common stock outstanding on the last day of the calendar month before the date of the automatic increase and (2) shares; provided that before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (1) and (2). As of the date hereof, no shares of our common stock have been purchased under the ESPP.

***Administration.*** Our board of directors, or a duly authorized committee of our board of directors, will administer our ESPP. The ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our common stock on specified dates during such offerings. Under the ESPP, we may specify offerings with durations of not more than 27 months and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our common stock will be purchased for employees participating in the offering. An offering under the ESPP may be terminated under certain circumstances.

***Payroll Deductions.*** Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in the ESPP and may contribute, normally through payroll deductions, up to 25% of their earnings (as defined in the ESPP) for the purchase of our common stock under the ESPP. Unless otherwise determined by our board of directors, common stock will be purchased for the accounts of employees participating in the ESPP at a price per share that is at least the lesser of (1) 85% of the fair market value of a share of our common stock on the first date of an offering or (2) 85% of the fair market value of a share of our common stock on the date of purchase. For the initial offering, which we expect will commence on the execution and delivery of the underwriting agreement relating to this offering, the fair market value on the first day of the offering period will be the price at which shares of common stock are first sold to the public.

***Limitations.*** Employees may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by our board of directors, including: (1) being customarily employed for more than 20 hours per week, (2) being customarily employed for more than five months per calendar year or (3) continuous employment with us or one of our affiliates for a period of time (not to exceed two years). No employee may purchase shares under the ESPP at a rate in excess of $25,000 worth of our common stock based on the fair market value per share of our common stock at the beginning of an offering for each year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under the ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value under Section 424(d) of the Code. Our board of directors or our compensation committee may also adopt rules for an offering under the ESPP which

include limits on the number of shares that may be purchased by an individual participant, or all participants, during a purchase period or offering.

***Changes to Capital Structure.*** In the event that there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or similar transaction, the board of directors will make appropriate adjustments to: (1) the number of shares reserved under the ESPP, (2) the maximum number of shares by which the share reserve may increase automatically each year, (3) the number of shares and purchase price of all outstanding purchase rights and (4) the number of shares that are subject to purchase limits under ongoing offerings.

***Corporate Transactions.*** In the event of certain significant corporate transactions, any then-outstanding rights to purchase our stock under the ESPP may be assumed, continued or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue or substitute for such purchase rights, then the participants' accumulated payroll contributions will be used to purchase shares of our common stock within ten business days before such corporate transaction and such purchase rights will terminate immediately.

***ESPP Amendment or Termination.*** Our board of directors has the authority to amend or terminate our ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

***401(k) Plan***

We maintain a tax-qualified retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees are able to defer eligible compensation subject to applicable annual Code limits. We have the ability to make discretionary contributions to the 401(k) plan but have not done so to date. Employees' pre- or post-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. Employees are immediately and fully vested in their contributions. The 401(k) plan is intended to be qualified under Section 401(a) of the Code with the 401(k) plan's related trust intended to be tax exempt under Section 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan.

**Limitation on Liability and Indemnification Matters**

Our amended and restated certificate of incorporation contains provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or

- any transaction from which the director derived an improper personal benefit.

This limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation and our amended and restated bylaws to be in effect upon the completion of this offering, or our amended and restated bylaws, will provide that we are required to indemnify our directors to the fullest extent permitted by Delaware law. Our amended and restated bylaws will also provide that, upon satisfaction of certain conditions, we are required to advance expenses incurred by a director in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. Our amended and restated bylaws will also provide our board of directors with discretion to indemnify our officers and employees when determined appropriate by our board of directors. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. 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, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought and we are not aware of any threatened litigation that may result in claims for indemnification.

**Rule 10b5-1 Sales Plans**

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from such director or executive officer once such director or executive officer's plan is in place. The director or executive officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material nonpublic information subject to compliance with the terms of our insider trading policy. Prior to 180 days after the date of this offering, subject to early termination, the sale of any shares under such plan would be subject to the lock-up agreement that the director or executive officer has entered into with the underwriters.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, the following is a summary of transactions since January 1, 2014 to which we have been a party in which the amount involved exceeded or will exceed $120,000, and in which any of our then directors, executive officers or holders of more than 5% of any class of our capital stock at the time of such transaction, or any members of their immediate family, had or will have a direct or indirect material interest.

Prior to March 2017, our amended and restated certificate of incorporation provided that each outstanding share of our Series B-1 preferred stock would convert into one share of our common stock, and each outstanding share of our Series A-2 preferred stock would convert into 0.000001 share of our common stock, upon a "Qualified Public Offering," which was defined as our sale of common stock in a firm commitment underwritten public offering pursuant to a registration statement on Form S-1 or Form SB-2 under the Securities Act, the public offering price of which is not less than $17.6001 and that results in an aggregate cash proceeds to us of not less than $30,000,000. In March 2017, our board of directors and stockholders approved an amendment and restatement of our certificate of incorporation (1) to provide that each share of Series A-2 preferred stock will automatically convert into 0.715548 shares of common stock upon the consummation of a Qualified Public Offering and (2) to modify the definition of Qualified Public Offering to eliminate the minimum amount of aggregate net proceeds or minimum price per share to the public in such offering. The following table summarizes the number of shares of common stock to be issued upon conversion of Series A-2 preferred stock by persons or entities holding more than 5% of our outstanding capital stock as of December 31, 2016:

| Name of Stockholder | Shares of Series A-2 Preferred Stock Held | Shares of Common Stock Issued upon Conversion of Series A-2 Preferred Stock |
|---|---|---|
| Entities affiliated with RT Groos, LLC(1) | 90,223 | 64,561 |
| Entities affiliated with Lauder Partners, LLC(2) | 297,384 | 212,802 |
| Entities affiliated with Pascal Levensohn(3) | 20,530 | 14,690 |
| Entities affiliated with Claremont Creek(4) | 255,689 | 182,965 |
| Labrador Ventures V-B, L.P. | 149,503 | 106,981 |

(1) Affiliates of RT Groos, LLC holding our securities whose shares are aggregated for the purposes of reporting share ownership information include RT Groos, LLC, Thomas T. Groos and the Thomas T. Groos Revocable Trust.

(2) Affiliates of Lauder Partners LLC holding our securities whose shares are aggregated for the purposes of reporting share ownership information include Lauder Partners LLC and The Gary M. Lauder Revocable Trust.

(3) Affiliates of Pascal Levensohn holding our securities whose shares are aggregated for the purposes of reporting share ownership information include Pascal Levensohn Revocable Trust, Levensohn 2000 Children's Trust and Levensohn Securities Holdings, LLC.

(4) Affiliates of Claremont Creek holding our securities whose shares are aggregated for the purposes of reporting share ownership information include Claremont Creek Ventures, L.P. and Claremont Creek Partners Fund, L.P.

### June and July 2015 Preferred Stock Financing

In June 2015, we sold an aggregate of 255,680 shares of our Series B-1 preferred stock at a purchase price of $5.8667 per share for an aggregate purchase price of approximately $1.5 million. In

July 2015, we sold an aggregate of 85,226 shares of our Series B-1 preferred stock at a purchase price of $5.8667 per share for an aggregate purchase price of approximately $0.5 million.

The following table summarizes purchases of our Series B-1 preferred stock in June and July of 2015 by persons who hold more than 5% of our outstanding capital stock as of December 31, 2016:

| Name of Stockholder | Shares of Series B-1 Preferred Stock | Total Purchase Price |
|---|---|---|
| Entities affiliated with RT Groos, LLC(1) | 85,226 | $ 500,000 |
| Entities affiliated with Lauder Partners LLC(2) | 85,226 | $ 500,000 |
| Motorola Solutions, Inc. | 85,226 | $ 500,000 |

(1) Affiliates of RT Groos, LLC holding our securities whose shares are aggregated for the purposes of reporting share ownership information include RT Groos, LLC, Thomas T. Groos and the Thomas T. Groos Revocable Trust.

(2) Affiliates of Lauder Partners LLC holding our securities whose shares are aggregated for the purposes of reporting share ownership information include Lauder Partners LLC and The Gary M. Lauder Revocable Trust.

**February 2014 Preferred Stock Financing**

In February 2014, we sold an aggregate of 957,339 shares of our Series B-1 preferred stock at a purchase price of $5.8667 per share for an aggregate purchase price of approximately $5.6 million and issued an additional 440,093 shares of our Series B-1 preferred stock upon conversion of outstanding notes at a purchase price of $4.6934 per share for an aggregate purchase price of approximately $2.0 million. 1,287,319 shares of the total 1,397,432 shares of Series B-1 preferred stock issued in February 2014 were sold to holders who hold more than 5% of our capital stock as of December 31, 2016. In February 2014, we also sold warrants to purchase 156,851 shares of our Series B-1 preferred stock at a weighted-average exercise price of $0.17 per share to certain purchasers of Series B-1 preferred stock, all of which were sold to holders of more than 5% of our capital stock.

The following table summarizes purchases of our Series B-1 preferred stock in February 2014 by persons who hold more than 5% of our outstanding capital stock as of December 31, 2016:

| Name of Stockholder | Shares of Series B-1 Preferred Stock | Warrants to Purchase Series B-1 Preferred Stock | Total Purchase Price | Cancellation of Indebtedness upon Conversion of Note |
|---|---|---|---|---|
| Entities affiliated with RT Groos, LLC(1) | 241,344 | 50,715 | $ 1,300,000 | $ 92,721 |
| Entities affiliated with Lauder Partners LLC(2) | 850,734 | 106,136 | $ 4,000,000 | $ 792,805 |
| Entities affiliated with Pascal Levensohn(3) | 34,414 | — | $ 25,000 | $ 141,519 |
| Entities affiliated with Claremont Creek Ventures(4) | 31,264 | — | — | $ 146,734 |
| Motorola Solutions, Inc. | 142,967 | — | — | $ 670,997 |
| Labrador Ventures V-B, LP | 16,398 | — | — | $ 76,962 |

(1) Affiliates of RT Groos, LLC holding our securities whose shares are aggregated for the purposes of reporting share ownership information include RT Groos, LLC, Thomas T. Groos and the Thomas T. Groos Revocable Trust.

(2) Affiliates of Lauder Partners LLC holding our securities whose shares are aggregated for the purposes of reporting share ownership information include Lauder Partners LLC and The Gary M. Lauder Revocable Trust.

(3) Affiliates of Pascal Levensohn holding our securities whose shares are aggregated for the purposes of reporting share ownership information include Pascal Levensohn Revocable Trust, Levensohn 2000 Children's Trust and Levensohn Securities Holdings, LLC.

(4) Affiliates of Claremont Creek holding our securities whose shares are aggregated for the purposes of reporting share ownership information include Claremont Creek Ventures, L.P. and Claremont Creek Partners Fund, L.P.

**Investors' Rights and Voting Agreements**

In connection with our preferred stock financings, we entered into an investors' rights agreement and a voting agreement, containing registration rights, information rights and voting rights, among other things, with certain holders of our preferred stock and certain holders of our common stock. These stockholder agreements will terminate upon the closing of this offering, except for the registration rights granted under our investors' rights agreement, as more fully described in "Description of Capital Stock – Registration Rights."

Motorola Solutions, Inc., Labrador Ventures V-B, LP and the following stockholders affiliated with certain of our directors are parties to our investors' rights agreement and voting agreement: RT Groos, LLC, Thomas T. Groos Revocable Trust, Lauder Partners LLC, The Gary M. Lauder Revocable Trust, Claremont Creek Ventures, L.P., Claremont Creek Partners Fund, L.P., and Levensohn 2000 Children's Trust. The investors' rights agreement provides that these holders are entitled to certain registration rights. For a description of the registration rights, see the section titled "Description of Capital Stock – Registration Rights."

**Employment Arrangements and Separation Agreements**

We have entered into employment agreements with our executive officers. For more information regarding these agreements with our named executive officers, see "Executive Compensation – Employment Arrangements."

**Stock Option Grants to Directors and Executive Officers**

We have granted stock options to our certain of our directors and executive officers. For more information regarding the stock options and stock awards granted to our directors and named executive officers see "Management – Non-Employee Director Compensation" and "Executive Compensation," respectively.

**Indemnification Agreements**

We plan to enter into indemnification agreements with each of our directors and executive officers in connection with this offering. The indemnification agreements and our amended and restated certificate of incorporation and amended and restated bylaws, each to be in effect upon the completion of this offering, require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. For more information regarding these agreements, see "Executive Compensation – Limitations on Liability and Indemnification Matters."

**Related Person Transaction Policy**

Prior to this offering, we have not had a formal policy regarding approval of transactions with related parties. Prior to the completion of this offering, we expect to adopt a related person transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related person transactions. The policy will become effective immediately upon the execution of the underwriting agreement for this offering. For purposes of our policy only, a related person transaction is a transaction, arrangement or relationship or any series of similar transactions,

arrangements or relationships, in which we and any related person are, were or will be participants in which the amount involves exceeds $120,000. Transactions involving compensation for services provided to us as an employee or director are not covered by this policy. A related person is any executive officer, director or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, if a transaction has been identified as a related person transaction, including any transaction that was not a related person transaction when originally consummated or any transaction that was not initially identified as a related person transaction prior to consummation, our management must present information regarding the related person transaction to our audit committee, or, if audit committee approval would be inappropriate, to another independent body of our board of directors, for review, consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, we will collect information that we deem reasonably necessary from each director, executive officer and, to the extent feasible, significant stockholder to enable us to identify any existing or potential related-person transactions and to effectuate the terms of the policy.

In addition, under our Code of Business Conduct and Ethics, which we intend to adopt in connection with this offering, our employees and directors have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

In considering related person transactions, our audit committee, or other independent body of our board of directors, will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director's independence in the event that the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.

The policy requires that, in determining whether to approve, ratify or reject a related person transaction, our audit committee, or other independent body of our board of directors, must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our stockholders, as our audit committee or other independent body of our board of directors, determines in the good faith exercise of its discretion.

All of the transactions described above were entered into prior to the adoption of the written policy, but all were approved by our board of directors considering similar factors to those described above.

## PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our common stock as of March 31, 2017, as adjusted to reflect the sale of common stock offered by us in this offering, for:

- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The percentage ownership information shown in the table prior to this offering is based upon 6,312,924 shares of common stock outstanding as of March 31, 2017, after giving effect to the conversion of all outstanding shares of preferred stock into an aggregate of 4,689,753 shares of our common stock. The percentage ownership information shown in the table after this offering is based upon shares outstanding, assuming the sale of shares of our common stock by us in the offering.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options or warrants that are either immediately exercisable or exercisable on or before May 30, 2017, which is 60 days after March 31, 2017. These shares are deemed to be outstanding and beneficially owned by the person holding those options or warrants for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Except as otherwise noted below, the address for persons listed in the table is c/o ShotSpotter, Inc., 7979 Gateway Blvd., Suite 210, Newark, California 94560.

| Name of Beneficial Owner | Number of Shares Beneficially Owned | Percentage of Shares Beneficially Owned | |
|---|---|---|---|
| | | Before the Offering | After the Offering |
| *5% or greater stockholders:* | | | |
| Entities affiliated with Lauder Partners LLC(1) | 2,462,118 | 37.4% | |
| Motorola Solutions, Inc.(2). | 995,234 | 15.6% | |
| Entities affiliated with Claremont Creek Ventures(3). | 715,380 | 11.3% | |
| Entitles affiliated with RT Groos, LLC(4) | 636,729 | 10.0% | |
| Labrador Ventures V-B, L.P.(5). | 384,971 | 6.1% | |
| *Other named executive officers and directors* | | | |
| Ralph A. Clark(6) | 478,869 | 7.1% | |
| Paul S. Ames(7) | 13,952 | * | |
| Joseph O. Hawkins(8) | 34,048 | * | |
| Randall Hawks, Jr.(3) | 715,380 | 11.3% | |
| Pascal Levensohn(9) | 69,003 | 1.1% | |
| Thomas T. Groos(4) | 636,729 | 10.0% | |
| Gary M. Lauder(1) | 2,462,118 | 37.4% | |
| Marc Morial(10) | 4,656 | * | |
| All current executive officers and directors as a group (10 persons)(11) | 4,419,396 | 61.7% | |

* Represents beneficial ownership of less than 1%.

(1) Consists of (i) 1,120,235 shares of common stock held by The Gary M. Lauder Revocable Trust and 162,158 shares of common stock issuable to The Gary M. Lauder Revocable Trust pursuant to warrants exercisable within 60 days of March 31, 2017; and (ii) 1,073,589 shares of common stock held by Lauder Partners LLC and 106,136 shares of common stock issuable to Lauder Partners pursuant to warrants exercisable within 60 days of March 31 2017. Mr. Lauder is a Trustee of The Gary M. Lauder Revocable Trust and the General Partner of Lauder Partners LLC. The address for The Gary M. Lauder Revocable Trust and Lauder Partners LLC is 40th Floor, 767 Fifth Ave., New York, NY 10153.

(2) Consists of 910,008 shares of common stock held by Motorola Solutions, Inc. and 85,226 shares of common stock issuable to Motorola Solutions, Inc. pursuant to warrants exercisable within 60 days of March 31, 2017. The address of Motorola Solutions, Inc. is 500 West Monroe Street, Chicago, IL 60661.

(3) Consists of (i) 692,131 shares of common stock held by Claremont Creek Ventures, L.P.; and (ii) 23,249 shares of common stock held by Claremont Creek Partners Fund, L.P. Claremont Creek Partners, LLC is the general partner of Claremont Creek Ventures, L.P. and Claremont Creek Partners Fund, L.P. Nat Goldhaber and Randall Hawks, Jr. are managing members of Claremont Creek Partners, LLC. As a result, each of the managing members of Claremont Creek Partners, LLC may be deemed to share beneficial ownership of the shares held by the Claremont Creek Ventures, L.P. and Claremont Creek Partners Fund, L.P. Mr. Hawks disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein. The address for Claremont Creek Ventures, L.P. and Claremont Creek Partners Fund, L.P. is 300 Frank H. Ogawa Plaza, Suite 350, Oakland, CA 94612.

(4) Consists of (i) 518,376 shares of common stock held by RT Groos, LLC and 39,881 shares of common stock issuable to RT Groos, LLC pursuant to warrants exercisable within 60 days of March 31, 2017; (ii) 62,515 shares of common stock held by the Thomas T. Groos Revocable Trust and 13,973 shares of common stock issuable to the Thomas T. Groos Revocable Trust pursuant to warrants exercisable within 60 days of March 31, 2017; and (iii) 1,984 shares of common stock held

directly by Mr. Groos. Thomas T. Groos holds voting and dispositive power for the shares held by RT Groos LLC, and the Thomas T. Groos Revocable Trust and disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein. The address for RT Groos LLC, and the Thomas T. Groos Revocable Trust is Ionia St. SW, Suite 505, Grand Rapids, MI 49503.

(5) The address of Labrador Ventures V-B, L.P. is 456 Montgomery St., Suite 400, San Francisco, CA 94104.

(6) Consists of 478,869 shares of common stock issuable under outstanding stock options exercisable within 60 days of March 31, 2017.

(7) Consists of (i) 10,110 shares of common stock held directly by Sophie and Paul Ames and (ii) 3,842 shares of common stock issuable under outstanding stock options exercisable within 60 days of March 31, 2017.

(8) Consists of 34,048 shares of common stock issuable under outstanding stock options exercisable within 60 days of March 31, 2017.

(9) Consists of (i) 42,759 shares of common stock held by Pascal Levensohn Revocable Trust and 1,800 shares of common stock issuable to Pascal Levensohn Revocable Trust pursuant to warrants exercisable within 60 days of March 31, 2017; (ii) 12,087 shares of common stock held by Levensohn 2000 Children's Trust and 785 shares of common stock issuable to Levensohn 2000 Children's Trust pursuant to warrants exercisable within 60 days of March 31, 2017; (iii) 6,455 shares of common stock held by Levensohn Securities Holdings, LLC and 262 shares of common stock issuable to Levensohn Securities Holdings, LLC pursuant to warrants exercisable within 60 days of March 31, 2017; and (iv) 975 shares of common stock held by Pascal Levensohn, 48 shares of common stock issuable to Pascal Levensohn pursuant to warrants exercisable within 60 days of March 31, 2017, and 3,676 shares of common stock issuable to Pascal Levensohn under outstanding stock options exercisable within 60 days of March 31, 2017. Pascal Levensohn holds voting and dispositive power for the shares held by Pascal Levensohn Revocable Trust, Levensohn 2000 Children's Trust and Levensohn Securities Holdings LLC and disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein. The address for Pascal Levensohn Revocable Trust, Levensohn 2000 Children's Trust and Levensohn Securities Holdings LLC is 1971 Vallejo Street, Saint Helena, CA 94574.

(10) Consists of 4,656 shares of common stock issuable under outstanding stock options exercisable within 60 days of March 31, 2017.

(11) Includes 525,091 shares of common stock issuable under outstanding stock options exercisable within 60 days of March 31, 2017 held by our current executive officers and directors.

## DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock, certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as each will be in effect upon the completion of this offering, and certain provisions of Delaware law are summaries. You should also refer to the amended and restated certificate of incorporation and the amended and restated bylaws, which are filed as exhibits to the registration statement of which this prospectus is part. We refer in this section to our amended and restated certificate of incorporation and amended and restated bylaws that we intend to adopt in connection with this offering as our certificate of incorporation and bylaws, respectively.

### General

Upon the completion of this offering, our certificate of incorporation will authorize us to issue up to 500,000,000 shares of common stock, $0.001 par value per share, and 20,000,000 shares of preferred stock, $0.001 par value per share, all of which shares of preferred stock will be undesignated. Our board of directors may establish the rights and preferences of the preferred stock from time to time. As of March 31, 2017, after giving effect to the conversion of all outstanding preferred stock into shares of our common stock in connection with the completion of the offering, there would have been an aggregate of 6,312,924 shares of common stock issued and outstanding, held by 203 stockholders of record.

### Common Stock

#### *Voting Rights*

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

#### *Dividends*

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of common stock will be entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds.

#### *Liquidation*

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

#### *Rights and Preferences*

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

**Preferred Stock**

All currently outstanding shares of preferred stock will be converted to common stock upon the completion of this offering.

Following the completion of this offering, our board of directors will have the authority, without further action by our stockholders, to issue up to 20,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

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 purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of us and may adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of common stock until the board of directors determines the specific rights attached to that preferred stock.

We have no present plans to issue any shares of preferred stock.

**Options**

As of March 31, 2017, options to purchase an aggregate of 1,308,248 shares of common stock were outstanding under our 2005 Plan at a weighted-average exercise price of $1.1834 per share. For additional information regarding the terms of our 2005 Plan, see "Executive Compensation – Equity Incentive Plans – 2005 Equity Incentive Plan."

**Warrants**

As of March 31, 2017, warrants to purchase an aggregate of 756,731 shares of our Series B-1 preferred stock at a weighted-average exercise price of $4.6859 per share were outstanding. The warrants contain a provision for the adjustment of the exercise price and the number of shares issuable upon the exercise of the applicable warrant in the event of certain stock dividends, stock splits, reorganizations, reclassifications and consolidations. One of the warrants described above was issued to Orix Growth Capital LLC in connection with the amendment to our debt facility and is exercisable for 76,704 shares of Series B-1 preferred stock (reflected in the number above). However, if we complete this offering prior to September 30, 2017 and in this offering we raise at least $25.0 million in net proceeds (after deducting underwriting discounts but before transaction expenses), the number of shares issuable under that warrant will automatically reduce from 76,704 shares to 61,363 shares. For more information, see Note 11, "Convertible Preferred Stock Warrants" to the Notes to the Consolidated Financial Statements for more information.

**Registration Rights**

After the completion of this offering, certain holders of shares of our common stock, including those shares of our common stock that will be issued upon conversion of our preferred stock in connection with this offering, will be entitled to certain rights with respect to registration of such shares under the Securities Act pursuant to the terms of an investors' rights agreement. These shares are collectively referred to herein as registrable securities.

The investors' rights agreement provides the holders of registrable securities with demand, piggyback and S-3 registration rights as described more fully below. As of March 31, 2017, after giving effect to the conversion of all outstanding shares of our preferred stock into shares of our common stock in connection with the completion of the offering, there would have been an aggregate of 4,957,626 registrable securities that were entitled to these demand, piggyback and S-3 registration rights.

***Demand Registration Rights***

At any time beginning 180 days following the effective date of the registration statement of which this prospectus forms a part, the holders of a majority of the registrable securities then outstanding have the right to make up to two demands that we file a registration statement under the Securities Act covering the registration of the registrable securities then outstanding and with an anticipated aggregate offering price of at least $10.0 million, net of underwriting discounts and expenses, subject to specified exceptions.

***Piggyback Registration Rights***

If we register any securities for public sale, the holders of our registrable securities then outstanding will each be entitled to notice of the registration and will have the right to include their shares in the registration statement. The underwriters of any underwritten offering will have the right to limit the number of shares having registration rights to be included in the registration statement, provided that the registration does not include shares of any other selling stockholder. If the registration does not include shares of any other selling stockholder, any or all of the registrable securities may be excluded from such registration.

***Registration on Form S-3***

If we are eligible to file a registration statement on Form S-3, the holders have the right to demand that we file registration statements on Form S-3; provided, that at least 10% of the registrable securities then outstanding make the demand request and the aggregate amount of securities to be sold under the registration statement is at least $3.0 million, net of underwriting discounts and commissions. We are not obligated to effect a demand for registration on Form S-3 by holders of our registrable securities more than twice during any 12-month period. The right to have such shares registered on Form S-3 is further subject to other specified conditions and limitations.

***Expenses of Registration***

We will pay all expenses relating to any demand, piggyback or Form S-3 registration, other than underwriting discounts and commissions, subject to specified conditions and limitations.

***Termination of Registration Rights***

The registration rights will terminate upon the earlier of the following to occur: (i) such time after this offering in which the holder of registrable securities holds one percent or less of our common stock and all registrable securities held by such holder (and together with any affiliate of the holder with whom such holder must aggregate its sales under Rule 144 of the Securities Act) can be sold in any three-month period without registration in compliance with Rule 144 of the Securities Act or (ii) after the consummation of a "deemed liquidation event", as described and defined in our amended and restated certificate of incorporation, as amended from time to time.

**Anti-Takeover Provisions**

***Anti-Takeover Statute***

We are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a publicly held Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that 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 began, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least $66^{2}/_{3}\%$ of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an "interested stockholder" as an entity or person who, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

***Anti-Takeover Effects of Certain Provisions of our Certificate of Incorporation and Bylaws to be in Effect Upon the Completion of this Offering***

Our certificate of incorporation will provide for our 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. Because our stockholders do not have cumulative voting rights, stockholders holding a

majority of the shares of common stock outstanding will be able to elect all of our directors. Our certificate of incorporation and bylaws will also provide that directors may be removed by the stockholders only for cause upon the vote of a majority of our outstanding common stock. Furthermore, the authorized number of directors may be changed only by resolution of the board of directors, and vacancies and newly created directorships on the board of directors may, except as otherwise required by law or determined by the board, only be filled by a majority vote of the directors then serving on the board, even though less than a quorum.

Our certificate of incorporation and bylaws will also provide that all stockholder actions must be effected at a duly called meeting of stockholders and will eliminate the right of stockholders to act by written consent without a meeting. Our bylaws will also provide that only our chairman of the board, chief executive officer or the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors may call a special meeting of stockholders.

Our bylaws will also provide that stockholders seeking to present proposals before our annual meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide timely advance notice in writing, and, subject to applicable law, will specify requirements as to the form and content of a stockholder's notice.

Our certificate of incorporation and bylaws will provide that the stockholders cannot amend many of the provisions described above except by a vote of a majority of our outstanding common stock.

The combination of these provisions will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts. We believe that the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

**Choice of Forum**

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a breach of fiduciary duty; (iii) any action asserting a claim against us arising under the Delaware General Corporation Law; (iv) any action regarding our amended and restated certificate of incorporation or our amended and restated bylaws; or (v) any action asserting a claim against us that is governed by the internal affairs doctrine. Our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be

the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare Limited.

**Listing**

We have applied for listing of our common stock on the NASDAQ Capital Market under the trading symbol "SSTI."

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, no public market existed for our common stock, and although we expect that our common stock will be approved for listing on the NASDAQ Capital Market, we cannot assure investors that there will be an active public market for our common stock following this offering. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. Future sales of substantial amounts of common stock in the public market, including shares issued upon exercise of outstanding options or warrants, or the perception that such sales may occur, however, could adversely affect the market price of our common stock and also could adversely affect our future ability to raise capital through the sale of our common stock or other equity-related securities at times and prices we believe appropriate.

Based on our shares outstanding as of March 31, 2017, upon completion of this offering, shares of our common stock will be outstanding, assuming no exercise of the underwriters' warrant and no exercise of outstanding options or warrants.

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 sold to our "affiliates," as that term is defined under Rule 144 under the Securities Act. The remaining 6,312,924 outstanding shares of common stock held by existing stockholders are "restricted securities," as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if the offer and sale is registered under the Securities Act or if the offer and sale of those securities qualifies for exemption from registration, including exemptions provided by Rules 144 and 701 promulgated under the Securities Act.

As a result of lock-up agreements and market standoff provisions described below and the provisions of Rules 144 and 701, the restricted securities will be available for sale in the public market as follows:

- no shares will be eligible for immediate sale upon the completion of this offering; and
- approximately shares will be eligible for sale upon expiration of lock-up agreements and market standoff provisions described below, beginning 181 days after the date of this prospectus, subject in certain circumstances to the volume, manner of sale and other limitations under Rule 144 and Rule 701.

We may issue shares of our common stock from time to time for a variety of corporate purposes, including in capital-raising activities through future public offerings or private placements, in connection with exercise of stock options and warrants, vesting of restricted stock units and other issuances relating to our employee benefit plans and as consideration for future acquisitions, investments or other purposes. The number of shares of our common stock that we may issue may be significant, depending on the events surrounding such issuances. In some cases, the shares we issue may be freely tradable without restriction or further registration under the Securities Act; in other cases, we may grant registration rights covering the shares issued in connection with these issuances, in which case the holders of the common stock will have the right, under certain circumstances, to cause us to register any resale of such shares to the public.

### Rule 144

In general, persons who have beneficially owned restricted shares of our common stock for at least six months, and any affiliate of the company who owns either restricted shares of our common stock, are entitled to sell their securities without registration with the SEC under an exemption from registration provided by Rule 144 under the Securities Act.

***Non-Affiliates***

Any person who is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale may sell an unlimited number of restricted securities under Rule 144 if:

- the restricted securities have been held for at least six months, including the holding period of any prior owner other than one of our affiliates;
- we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale; and
- we are current in our Exchange Act reporting at the time of sale.

Any person who is not deemed to have been an affiliate of ours at the time of, or at any time during the three months preceding, a sale and has held the restricted securities for at least one year, including the holding period of any prior owner other than one of our affiliates, will be entitled to sell an unlimited number of restricted securities without regard to the length of time we have been subject to Exchange Act periodic reporting or whether we are current in our Exchange Act reporting.

***Affiliates***

Persons seeking to sell restricted securities who are our affiliates at the time of, or any time during the three months preceding, a sale, would be subject to the restrictions described above. They are also subject to additional restrictions, by which such person would be required to comply with the manner of sale and notice provisions of Rule 144 and would be entitled to sell within any three-month period only that number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after the completion of this offering based on the number of shares outstanding as of March 31, 2017; or
- the average weekly trading volume of our common stock on the NASDAQ Stock Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

**Rule 701**

In general, under Rule 701 a person who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been one of our affiliates during the immediately preceding 90 days may sell these shares in reliance upon Rule 144, but without being required to comply with the notice, manner of sale or public information requirements or volume limitation provisions of Rule 144. Rule 701 also permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701. As of March 31, 2017, 111,812 shares of our outstanding common stock had been issued in reliance on Rule 701 as a result of exercises of stock options. However, all Rule 701 shares are subject to lock-up agreements as described below and in "Underwriting" and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

**Form S-8 Registration Statements**

As of March 31, 2017, options to purchase an aggregate of 1,308,248 of our common stock were outstanding. As soon as practicable after the completion of this offering, we intend to file with the SEC one or more registration statements on Form S-8 under the Securities Act to register the shares of our common stock that are issuable pursuant to our equity incentive plans, including pursuant to

outstanding options. See "Executive Compensation – Equity Incentive Plans" for a description of our equity incentive plans. These registration statements will become effective immediately upon filing. Shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below and Rule 144 limitations applicable to affiliates.

**Lock-Up Agreements**

In connection with this offering, we, our directors and officers and holders of approximately % of our equity securities outstanding immediately prior to this offering, have agreed, subject to certain exceptions, not to offer, sell or transfer any common stock or securities convertible into or exchangeable for our common stock for 180 days after the date of this prospectus without the prior written consent of Roth Capital Partners, LLC on behalf of the underwriters.

The agreements do not contain any pre-established conditions to the waiver of Roth Capital Partners on behalf of the underwriters of any terms of the lock-up agreements. Any determination to release shares subject to the lock-up agreements would be based on a number of factors at the time of determination, including but not necessarily limited to the market price of the common stock, the liquidity of the trading market for the common stock, general market conditions, the number of shares proposed to be sold, contractual obligations to release certain shares subject to the lock-up agreements in the event any such shares are released, subject to certain specific limitations and thresholds, and the timing, purpose and terms of the proposed sale.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain of our security holders, including our investors' rights agreement and agreements governing our equity awards, that contain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

**Registration Rights**

Upon the completion of this offering, the holders of shares of our common stock, or their transferees, will be entitled to specified rights with respect to the registration of the offer and sale of their shares under the Securities Act. Registration of the offer and sale of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. See "Description of Capital Stock – Registration Rights" for additional information.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income tax considerations applicable to non-U.S. holders (as defined herein) with respect to their ownership and disposition of shares of our common stock issued pursuant to this offering. All prospective non-U.S. holders of our common stock should consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of our common stock. In general, a non-U.S. holder means a beneficial owner of our common stock (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States or of any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of the trust's substantial decisions or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, existing U.S. Treasury Regulations promulgated thereunder, published administrative pronouncements and rulings of the U.S. Internal Revenue Service, which we refer to as the IRS, and judicial decisions, all as in effect as of the date of this prospectus. These authorities are subject to change and to differing interpretation, possibly with retroactive effect. Any change or differing interpretation could alter the tax consequences to non-U.S. holders described in this prospectus.

We assume in this discussion that a non-U.S. holder holds shares of our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances, nor does it address any alternative minimum, Medicare contribution, estate or gift tax consequences, or any aspects of U.S. state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as holders that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below), corporations that accumulate earnings to avoid U.S. federal income tax, tax-exempt organizations, banks, financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-qualified retirement plans, holders who hold or receive our common stock pursuant to the exercise of employee stock options or otherwise as compensation, holders holding our common stock as part of a hedge, straddle or other risk reduction strategy, conversion transaction or other integrated investment, holders deemed to sell our common stock under the constructive sale provisions of the Code, controlled foreign corporations, passive foreign investment companies and certain former U.S. citizens or long-term residents.

In addition, this discussion does not address the tax treatment of partnerships (or entities or arrangements that are treated as partnerships for U.S. federal income tax purposes) or persons that

hold their common stock through such partnerships. If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds shares of our common stock, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Such partners and partnerships should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of our common stock.

There can be no assurance that a court or the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling with respect to the U.S. federal income tax consequences to a non-U.S. holder of the purchase, ownership or disposition of our common stock.

**Distributions on Our Common Stock**

Distributions, if any, on our common stock generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's adjusted tax basis in the common stock. Any remaining excess will be treated as capital gain from the sale or exchange of such common stock, subject to the tax treatment described below in "Gain on Sale, Exchange or Other Disposition of Our Common Stock." Any such distribution will also be subject to the discussion below under the heading "Foreign Accounts."

Dividends paid to a non-U.S. holder will generally be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the United States, are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements. However, such U.S. effectively connected income, net of specified deductions and credits, is taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

To claim a reduction or exemption from withholding, a non-U.S. holder of our common stock generally will be required to provide (a) a properly executed IRS Form W-8BEN or W-8BEN-E (or successor form) and satisfy applicable certification and other requirements to claim the benefit of an applicable income tax treaty between the United States and such holder's country of residence, or (b) a properly executed IRS Form W-8ECI stating that dividends are not subject to withholding because they are effectively connected with such non-U.S. holder's conduct of a trade or business within the United States. Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

**Gain on Sale, Exchange or Other Disposition of Our Common Stock**

Subject to the discussion below regarding backup withholding and foreign accounts, in general, a non-U.S. holder will not be subject to any U.S. federal income tax on any gain realized upon such holder's sale, exchange or other disposition of shares of our common stock unless:

- the gain is effectively connected with a U.S. trade or business of the non-U.S. holder and, if an applicable income tax treaty so provides, is attributable to a permanent establishment or a fixed base maintained in the United States by such non-U.S. holder, in which case the non-U.S. holder generally will be taxed at the graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code) and, if the non-U.S. holder is a foreign corporation, the branch profits tax described above in "Distributions on Our Common Stock" also may apply;

- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met, in which case the non-U.S. holder will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the disposition, which may be offset by U.S. source capital losses of the non-U.S. holder, if any (even though the individual is not considered a resident of the United States); or

- our common stock constitutes a U.S. real property interest because we are, or have been, at any time during the five-year period preceding such disposition (or the non-U.S. holder's holding period, if shorter) a "U.S. real property holding corporation." Generally, a corporation is a U.S. real property holding corporation only if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance, we do not believe that we are, or have been, a U.S. real property holding corporation, or that we are likely to become one in the future. Even if we are or become a U.S. real property holding corporation, provided that our common stock is regularly traded, as defined by applicable Treasury Regulations, on an established securities market, our common stock will be treated as a U.S. real property interest only with respect to a non-U.S. holder that holds more than 5% of our outstanding common stock, directly or indirectly, actually or constructively, during the shorter of the 5-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock. In such case, such non-U.S. holder generally will be taxed on its net gain derived from the disposition at the graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). No assurance can be provided that our common stock will continue to be regularly traded on an established securities market for purposes of the rules described above.

**Backup Withholding and Information Reporting**

We must report annually to the IRS and to each non-U.S. holder the gross amount of the dividends on our common stock paid to such holder and the tax withheld, if any, with respect to such dividends. Non-U.S. holders will have to comply with specific certification procedures to establish that the holder is not a U.S. person (as defined in the Code) in order to avoid backup withholding at the applicable rate with respect to dividends on our common stock. A non-U.S. holder generally will not be subject to U.S. backup withholding with respect to payments of dividends on our common stock if it certifies its non-U.S. status by providing a valid IRS Form W-8BEN or W-8BEN-E (or successor form) or W-8ECI, or otherwise establishes an exemption; provided we do not have actual knowledge or reason to know such non-U.S. holder is a U.S. person, as defined in the Code. Dividends paid to non-U.S. holders subject to the U.S. withholding tax, as described above in "Distributions on Our Common Stock," generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder may be allowed as a credit against the non-U.S. holder's U.S. federal income tax liability, if any, and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

**Foreign Accounts**

The Code generally imposes a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock paid to a "foreign financial institution" (as specifically defined for this purpose), unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise qualifies for an exemption from these rules. A U.S. federal withholding tax of 30% also applies to dividends and will apply to the gross proceeds of a disposition of our common stock paid to a non-financial foreign entity (as defined in the Code), unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding substantial direct and indirect U.S. owners of the entity, or otherwise qualifies for an exemption from these rules. The withholding provisions described above currently apply to dividends paid on our common stock and will generally apply with respect to gross proceeds of a sale or other disposition of our common stock on or after January 1, 2019.

Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this paragraph.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

## UNDERWRITING

We have entered into an underwriting agreement with the several underwriters listed in the table below. Roth Capital Partners, LLC is the representative of the underwriters. We refer to the several underwriters listed in the table below as the "underwriters." Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and the underwriters have agreed to purchase from us, shares of our common stock. Our common stock is expected to trade on the NASDAQ Capital Market under the symbol "SSTI."

Pursuant to the terms and subject to the conditions contained in the underwriting agreement, we have agreed to sell to the underwriters named below, and each underwriter severally has agreed to purchase from us, the respective number of shares of common stock set forth opposite its name below:

| Underwriter | Number of Shares |
|---|---|
| Roth Capital Partners, LLC | |
| Northland Capital Markets | |
| Imperial Capital, LLC | |

The underwriters are committed to purchase all of the shares of common stock offered by us, other than those covered by the option to purchase additional shares of common stock described below, if any of the shares of common stock are purchased. The obligations of the underwriters may be terminated upon the occurrence of certain events specified in the underwriting agreement. Furthermore, pursuant to the underwriting agreement, the underwriters' obligations are subject to customary conditions, representations and warranties contained in the underwriting agreement, such as receipt by the underwriters of officers' certificates and legal opinions and no material adverse change to our business.

The underwriters are offering the shares of common stock, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

### Over-allotment Option

We have granted the underwriters an option to buy up to an additional shares of common stock from us at the public offering price, less the underwriting discounts and commissions, to cover over-allotments, if any.

The underwriters may exercise this option at any time, in whole or in part, during the 30-day period after the date of this prospectus solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. If the underwriters exercise this option, the underwriters will be obligated, subject to certain conditions, to purchase the additional shares of common stock for which the option has been exercised.

### Discounts, Commissions and Expenses

The following table shows the public offering price, underwriting discounts and commissions payable to the underwriters by us in connection with this offering, and proceeds to us, before expenses

(assuming both the exercise and non-exercise of the over-allotment option to purchase additional shares of common stock we have granted to the underwriters):

| | Per Share | | Total | |
|---|---|---|---|---|
| | Without Over-allotment | With Over-allotment | Without Over-allotment | With Over-allotment |
| Public offering price | | | | |
| Underwriting discounts and commissions paid to us | | | | |
| Proceeds to us, before expenses | | | | |

We have agreed to reimburse the underwriters for certain out-of-pocket expenses of the underwriters payable by us, in an aggregate amount not to exceed $150,000. The underwriting agreement, however, provides that in the event this offering is terminated, the underwriters will only be entitled to the reimbursement of out-of-pocket accountable expenses actually incurred in accordance with FINRA Rule 5110(f)(2)(D).

The underwriters propose to offer the shares of common stock purchased pursuant to the underwriting agreement to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. After this offering, the public offering price and concession may be changed by the underwriters. No such change shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus.

We estimate that the total expenses of the offering payable by us, excluding underwriting discounts and commissions, will be approximately $ .

**Indemnification**

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters or such other indemnified parties may be required to make in respect thereof.

**Underwriters' Warrant**

We have agreed to issue to the underwriters warrants initially exercisable for up to shares of common stock. The warrants are not included in the securities being sold in this offering. The shares issuable upon exercise of the warrants are identical to those offered by this prospectus. The warrants are exercisable at a per share price equal to 120% of the price per share in this offering. The warrants will be exercisable at any time, and from time to time, in whole or in part, during the five-year period commencing one year from the effective date of this offering, which period shall not extend further than five years from the effective date of this offering in compliance with FINRA Rule 5110(f)(2)(G)(i). The warrants and the shares of common stock underlying the warrants have been deemed compensation by FINRA and are therefore subject to a 180 day lock-up pursuant to Rule 5110(g)(1) of FINRA. The underwriters (or permitted assignees under Rule 5100(g)(1)) will not sell, transfer, assign, pledge or hypothecate the warrants or the securities underlying the warrants, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrants or the underlying securities for a period of 180 days from the date of effectiveness of the registration statement. The exercise price and number of shares issuable upon exercise of the warrants may be adjusted in certain circumstances, including in the event of a stock dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation.

**Lock-Up Agreements**

We have agreed not to (i) offer, pledge, issue, sell, contract to sell, purchase, contract to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock; (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of shares of common stock; or (iii) file any registration statement with the SEC relating to the offering of any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock, without the prior written consent of the underwriters for a period of 90 days following the date of this prospectus, subject to an 18-day extension under certain circumstances (the "Lock-up Period"). This consent may be given at any time without public notice. These restrictions on future issuances are subject to exceptions for (i) the issuance of shares of our common stock sold in this offering, (ii) the issuance of shares of our common stock upon the exercise of outstanding options or warrants and the vesting of restricted stock awards or units, and (iii) the issuance of employee stock options not exercisable during the Lock-up Period and the grant, redemption or forfeiture of restricted stock awards or restricted stock units pursuant to our equity incentive plans.

In addition, each of our directors, executive officers, and a majority of our existing stockholders have entered into a lock-up agreement with the underwriters. Under the lock-up agreements, our directors, executive officers and stockholders may not, directly or indirectly, sell, offer to sell, contract to sell, or grant any option for the sale (including any short sale), grant any security interest in, pledge, hypothecate, hedge, establish an open "put equivalent position" (within the meaning of Rule 16a-1(h) under the Exchange Act), or otherwise dispose of, or enter into any transaction which is designed to or could be expected to result in the disposition of, any shares of our common stock or securities convertible into or exchangeable for shares of our common stock, or publicly announce any intention to do any of the foregoing, without the prior written consent of the underwriters, for a period of 180 days from the closing date of this offering, subject to an 18-day extension under certain circumstances. This consent may be given at any time without public notice. These restrictions on future dispositions by our directors, executive officers and stockholders are subject to exceptions for (i) one or more bona fide gift transfers of securities to immediate family members who agree to be bound by these restrictions and (ii) transfers of securities to one or more trusts for bona fide estate planning purposes, amongst others.

**Electronic Distribution**

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representative may agree to allocate a number of shares of common stock to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of, nor incorporated by reference into, this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

**Price Stabilization, Short Positions and Penalty Bids**

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, penalty bids and purchases to cover positions created by short sales in accordance with Regulation M under the Exchange Act:

- Stabilizing transactions permit bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum and are engaged in for the purpose of preventing or retarding a decline in the market price of the shares while the offering is in progress.

- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.

- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the 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 over-allotment option. A naked short position occurs if the underwriters sell more shares than could be covered by the over-allotment option. This position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could 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.

- Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be discontinued at any time. Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our shares of common stock. In addition, neither we nor the underwriters make any representation that the underwriter will engage in these transactions or that any transaction, if commenced, will not be discontinued without notice.

**Passive Market Making**

In connection with this offering, the underwriters and selling group members may engage in passive market making transactions in our common stock on the NASDAQ Capital Market in accordance with Rule 103 of Regulation M under the Exchange Act, during a period before the commencement of offers or sales of the shares and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, then that bid must then be lowered when specified purchase limits are exceeded.

**Other Relationships**

Certain of the underwriters and their affiliates have provided, and may in the future provide, various investment banking, commercial banking and other financial services for us and our affiliates for which they have received, and may in the future receive, customary fees. However, except as disclosed in this prospectus, we have no present arrangements with any of the underwriters for any further services.

**Offer Restrictions Outside the United States**

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities 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 securities 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 securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

***Australia***

This prospectus is not a disclosure document under Chapter 6D of the Australian Corporations Act, has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the securities under this prospectus is only made to persons to whom it is lawful to offer the securities without disclosure under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in section 708 of the Australian Corporations Act, (ii) this prospectus is made available in Australia only to those persons as set forth in clause (i) above, and (iii) the offeree must be sent a notice stating in substance that by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and, unless permitted under the Australian Corporations Act, agrees not to sell or offer for sale within Australia any of the securities sold to the offeree within 12 months after its transfer for the offeree under this prospectus.

***China***

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The securities may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors."

***European Economic Area***

The information in this document has been prepared on the basis that all offers of securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by the company of a prospectus pursuant.

***France***

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

***Ireland***

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The securities have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined

in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

***Israel***

The securities offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority, or the ISA, nor have such securities been registered for sale in Israel. The shares may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the securities being offered. Any resale in Israel, directly or indirectly, to the public of the securities offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

***Italy***

The offering of the securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB", pursuant to the Italian securities legislation and, accordingly, no offering material relating to the securities may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- to Italian qualified investors, as defined in Article 100 of Decree no. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 1197l") as amended ("Qualified Investors"); and

- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the securities or distribution of any offer document relating to the securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and

- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

***Japan***

The securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2,

paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of securities is conditional upon the execution of an agreement to that effect.

***Portugal***

This document is not being distributed in the context of a public offer of financial securities (oferta pública de valores mobiliários) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (Código dos Valores Mobiliários). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the securities have not been, and will not be, submitted to the Portuguese Securities Market Commission (Comissã do Mercado de Valores Mobiliários) for approval in Portugal and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of securities in Portugal are limited to persons who are "qualified investors" (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

***Sweden***

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the securities be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of securities in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

***Switzerland***

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document 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 material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering material relating to the securities 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 securities will not be supervised by, the Swiss Financial Market Supervisory Authority.

This document is personal to the recipient only and not for general circulation in Switzerland.

***United Arab Emirates***

Neither this document nor the securities have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor has the company received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the securities within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the securities, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by the company.

No offer or invitation to subscribe for securities is valid or permitted in the Dubai International Financial Centre.

***United Kingdom***

This prospectus is not an approved prospectus for purposes of the UK Prospectus Rules, as implemented under the EU Prospectus Directive 2003/71/EC, and has not been approved under section 21 of the Financial Services and Markets Act 2000 (as amended)(the "FSMA") by a person authorized under FSMA. The financial promotions contained in this prospectus are directed at, and this prospectus is only being distributed to: (1) persons who receive this prospectus outside of the United Kingdom; and (2) persons in the United Kingdom who fall within the exemptions under articles 19 (investment professionals) and 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "Relevant Person(s)"). This prospectus must not be acted upon or relied upon by any person who is not a Relevant Person. Any investment or investment activity to which this prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person that is not a Relevant Person.

The underwriters have represented, warranted and agreed that:

- they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA in connection with the issue or sale of any of the shares of common stock in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

- they have complied with and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the shares of common stock in, from or otherwise involving the United Kingdom.

## LEGAL MATTERS

Cooley LLP, San Francisco, California, will pass upon the validity of the shares of common stock offered hereby. The underwriters are being represented by Robinson Brog Leinwand Greene Genovese & Gluck P.C., New York, New York, in connection with the offering.

## EXPERTS

The consolidated financial statements of ShotSpotter, Inc. as of and for the years ended December 31, 2016 and 2015 included in this prospectus have been audited by Baker Tilly Virchow Krause, LLP, an independent registered public accounting firm, as set forth in their report therein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock being offered by this prospectus, which constitutes a part of the registration statement. This prospectus does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement.

You can read our SEC filings, including the registration statement, over the internet at the SEC's website at www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

Upon completion of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above. We also maintain a website at www.shotspotter.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. **However, the information contained in or accessible through our website is not part of this prospectus or the registration statement of which this prospectus forms a part, and investors should not rely on such information in making a decision to purchase our common stock in this offering.**

**SHOTSPOTTER, INC.**
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders, Audit Committee and Board of Directors
ShotSpotter, Inc.
Newark, CA

We have audited the accompanying consolidated balance sheets of ShotSpotter, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, convertible preferred stock and stockholders' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ShotSpotter, Inc. as of December 31, 2016 and 2015 and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Baker Tilly Virchow Krause, LLP
Minneapolis, Minnesota
March 29, 2017

ShotSpotter, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share data)

| | December 31, 2015 | December 31, 2016 | March 31, 2017 (unaudited) | March 31, 2017 Pro Forma Stockholders' Deficit (see Note 3) (unaudited) |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ 4,124 | $ 3,865 | $ 2,413 | |
| Accounts receivable | 2,666 | 2,410 | 4,356 | |
| Prepaid expenses and other current assets | 445 | 567 | 575 | |
| Restricted cash | 30 | 30 | 30 | |
| Total current assets | 7,265 | 6,872 | 7,374 | |
| Property and equipment, net | 7,013 | 8,959 | 9,385 | |
| Intangible assets, net | 52 | 66 | 63 | |
| Other assets | 226 | 220 | 955 | |
| Total assets | $ 14,556 | $ 16,117 | $ 17,777 | |
| **Liabilities and Stockholders' Deficit** | | | | |
| Current liabilities | | | | |
| Accounts payable | $ 926 | $ 1,336 | $ 1,685 | |
| Deferred revenue, short-term | 7,434 | 10,863 | 12,312 | |
| Accrued expenses and other current liabilities | 1,320 | 2,359 | 2,207 | |
| Notes payable, short-term | — | 667 | 1,875 | |
| Total current liabilities | 9,680 | 15,225 | 18,079 | |
| Notes payable, net of short-term portion | 9,565 | 11,012 | 11,197 | |
| Convertible preferred stock warrant liability | 1,351 | 1,875 | 1,986 | $ — |
| Deferred revenue, long-term | 2,322 | 3,112 | 3,151 | |
| Deferred rent, long-term | 15 | 24 | 41 | |
| Total liabilities | 22,933 | 31,248 | 34,454 | |
| Commitments and contingencies (Note 14) | | | | |
| Series B-1 convertible preferred stock: $0.005 par value; 4,773,000 shares authorized; 3,848,023 shares issued and outstanding as of December 31, 2015 and 2016 and March 31, 2017 (unaudited); aggregate liquidation preference of $22,575 as of December 31, 2015 and 2016 and March 31, 2017 (unaudited); no shares issued and outstanding, pro forma | 22,075 | 22,075 | 22,075 | — |
| Series A-2 convertible preferred stock: $0.005 par value; 1,177,000 shares authorized; 1,176,423 shares issued and outstanding as of December 31, 2015 and 2016 and March 31, 2017 (unaudited); aggregate liquidation preference of $20,000 as of December 31, 2015 and 2016 and March 31, 2017 (unaudited); no shares issued and outstanding, pro forma | 20,000 | 20,000 | 20,000 | — |
| Stockholders' Deficit: | | | | |
| Common stock: $0.005 par value; 8,000,000 shares authorized; 1,583,601, 1,616,996 and 1,623,171 shares issued and outstanding as of December 31, 2015 and 2016, and March 31, 2017 (unaudited), respectively; 6,312,924 shares issued and outstanding, pro forma as of March 31, 2017 | 8 | 8 | 8 | 40 |
| Additional paid-in capital | 30,295 | 30,403 | 30,431 | 74,492 |
| Accumulated deficit | (80,755) | (87,615) | (89,176) | (89,176) |
| Accumulated other comprehensive loss | — | (2) | (15) | (15) |
| Total stockholders' deficit | (50,452) | (57,206) | (58,752) | $ (14,659) |
| Total liabilities and stockholders' deficit | $ 14,556 | $ 16,117 | $ 17,777 | |

*See accompanying notes to consolidated financial statements.*

ShotSpotter, Inc.
Consolidated Statements of Operations
(In thousands, except share and per share data)

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| Revenues | $ 11,791 | $ 15,507 | $ 3,044 | $ 4,562 |
| Cost of revenues | 8,304 | 9,549 | 2,197 | 2,675 |
| Gross profit | 3,487 | 5,958 | 847 | 1,887 |
| Operating expenses | | | | |
| Sales and marketing | 3,841 | 4,475 | 1,001 | 1,108 |
| Research and development | 3,359 | 4,093 | 1,148 | 1,034 |
| General and administrative | 1,807 | 2,362 | 548 | 930 |
| Total operating expenses | 9,007 | 10,930 | 2,697 | 3,072 |
| Operating loss | (5,520) | (4,972) | (1,850) | (1,185) |
| Other expense, net | | | | |
| Interest expense, net | (643) | (1,317) | (301) | (365) |
| Remeasurement of convertible preferred stock warrant liability | — | (524) | — | — |
| Other expense, net | (28) | (47) | (8) | (11) |
| Total expense, net | (671) | (1,888) | (309) | (376) |
| Net loss | $ (6,191) | $ (6,860) | $ (2,159) | $ (1,561) |
| Net loss per share, basic and diluted | $ (3.99) | $ (4.28) | $ (1.36) | $ (0.93) |
| Weighted average shares used in computing net loss per share, basic and diluted | 1,552,780 | 1,602,402 | 1,591,635 | 1,678,326 |
| Pro forma net loss per share, basic and diluted (unaudited) | | $ (1.01) | | $ (0.25) |
| Pro forma weighted average common shares outstanding, basic and diluted (unaudited) | | 6,292,155 | | 6,368,079 |

*See accompanying notes to consolidated financial statements.*

ShotSpotter, Inc.
Consolidated Statements of Comprehensive Loss
(In thousands)

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (Unaudited) | |
| Net loss | $ (6,191) | $ (6,860) | $ (2,159) | $ (1,561) |
| Other comprehensive loss: | | | | |
| Change in foreign currency translation adjustment | — | (2) | — | (13) |
| Comprehensive loss | $ (6,191) | $ (6,862) | $ (2,159) | $ (1,574) |

*See accompanying notes to consolidated financial statements.*

Shotspotter, Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Deficit
(In thousands, except share data)

| | Series B-1 Convertible Preferred Stock | | Series A-2 Convertible Preferred Stock | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total Stockholders' Deficit |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Par Value | | | | |
| Balance at December 31, 2014 | 3,507,117 | $20,081 | 1,176,423 | $20,000 | 1,538,402 | $ 8 | $ 30,127 | $ (74,564) | $ — | $ (44,429) |
| Issuance of Series B-1 convertible preferred stock, net of issuance costs of $6 | 340,906 | 1,994 | | | | | | | | — |
| Exercise of stock options | | | | | 45,199 | | 31 | | | 31 |
| Stock-based compensation | | | | | | | 137 | | | 137 |
| Net loss | | | | | | | | (6,191) | | (6,191) |
| Balance at December 31, 2015 | 3,848,023 | 22,075 | 1,176,423 | 20,000 | 1,583,601 | 8 | 30,295 | (80,755) | — | (50,452) |
| Exercise of stock options | | | | | 33,395 | | 25 | | | 25 |
| Stock-based compensation | | | | | | | 83 | | | 83 |
| Other comprehensive loss | | | | | | | | | (2) | (2) |
| Net loss | | | | | | | | (6,860) | | (6,860) |
| Balance at December 31, 2016 | 3,848,023 | $22,075 | 1,176,423 | $20,000 | 1,616,996 | $ 8 | $ 30,403 | $ (87,615) | $ (2) | $ (57,206) |
| Exercise of stock options (unaudited) | | | | | 6,175 | | 5 | | | 5 |
| Stock-based compensation (unaudited) | | | | | | | 23 | | | 23 |
| Other comprehensive loss (unaudited) | | | | | | | | | (13) | (13) |
| Net loss (unaudited) | | | | | | | | (1,561) | | (1,561) |
| Balance at March 31, 2017 (unaudited) | 3,848,023 | $22,075 | 1,176,423 | $20,000 | 1,623,171 | $ 8 | $ 30,431 | $ (89,176) | $ (15) | $ (58,752) |

*See accompanying notes to consolidated financial statements.*

ShotSpotter, Inc.
Consolidated Statements of Cash Flows
(In thousands)

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| Cash flows from operating activities: | | | | |
| Net loss | $ (6,191) | $ (6,860) | $ (2,159) | $ (1,561) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: | | | | |
| Depreciation and amortization | 2,264 | 2,551 | 585 | 679 |
| Stock-based compensation | 137 | 83 | 17 | 23 |
| Amortization of debt issuance costs | 88 | 131 | 32 | 34 |
| Loss on debt extinguishment | 77 | — | — | — |
| Remeasurement of convertible preferred stock warrant liability | — | 524 | — | — |
| Loss on disposal of property and equipment | 30 | 27 | — | — |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | (1,845) | 255 | 508 | (1,946) |
| Prepaid expenses and other assets | (115) | (90) | (54) | (26) |
| Accounts payable | 69 | 410 | (98) | (382) |
| Accrued expenses and other current liabilities | 334 | 1,049 | 107 | (166) |
| Deferred revenue | 1,649 | 4,177 | 610 | 1,470 |
| Net cash (used in) provided by operating activities | (3,503) | 2,257 | (452) | (1,875) |
| Cash flows from investing activities: | | | | |
| Purchase of property and equipment | (2,155) | (4,476) | (1,013) | (1,077) |
| Investment in intangible and other assets | (25) | (78) | (7) | (7) |
| Net cash used in investing activities | (2,180) | (4,554) | (1,020) | (1,084) |
| Cash flows from financing activities: | | | | |
| Proceeds from line of credit | 1,900 | — | — | — |
| Proceeds from term note | 10,000 | 2,000 | — | 1,500 |
| Payment of debt issuance costs | (319) | (17) | — | — |
| Proceeds from issuance of Series B-1 convertible preferred stock, net of issuance costs | 1,994 | — | — | — |
| Repayment of line of credit | (1,900) | — | — | — |
| Repayment of term note | (3,060) | — | — | — |
| Proceeds from exercise of stock options | 31 | 25 | 12 | 5 |
| Net cash provided by financing activities | 8,646 | 2,008 | 12 | 1,505 |
| Increase (decrease) in cash and cash equivalents | 2,963 | (289) | (1,460) | (1,454) |
| Effect of exchange rate on cash and cash equivalents | — | 30 | — | 2 |
| Cash and cash equivalents at beginning of year | 1,161 | 4,124 | 4,124 | 3,865 |
| Cash and cash equivalents at end of year | $ 4,124 | $ 3,865 | $ 2,664 | $ 2,413 |
| Supplemental cash flow disclosures: | | | | |
| Cash paid for interest | $ 374 | $ 1,186 | $ 242 | $ 336 |
| Supplemental disclosure of non-cash financing activities: | | | | |
| Issuance of Series B-1 convertible preferred stock warrants in connection with the issuance of notes payable to a financial institution | $ 147 | $ — | $ — | $ 111 |
| Debt origination fees included in accrued expenses and other current liabilities | $ — | $ — | $ — | $ 30 |
| Deferred offering costs included in other assets | $ — | $ — | $ — | $ 731 |

*See accompanying notes to consolidated financial statements.*

**Note 1. Organization and Description of Business**

ShotSpotter, Inc. (the "Company") provides gunshot detection solutions that help law enforcement officials and security personnel identify, locate and deter gun violence. The Company offers its software solutions on a SaaS-based subscription model to its customers.

The Company's principal executive offices are located in Newark, California. The Company has one subsidiary, ShotSpotter (Pty) Ltd. formed in South Africa.

**Note 2. Liquidity, Going Concern and Management's Plans**

The Company has experienced losses from operations since its inception. Historically, the Company has relied on equity and debt financing to sustain its operations. For the years ended December 31, 2015 and 2016, the Company has incurred net losses of $6.2 million and $6.9 million, respectively. Net cash used in operating activities was $3.5 million for the year ended December 31, 2015. In contrast, net cash provided by operating activities was $2.3 million for the year ended December 31, 2016. For the three months ended March 31, 2016 and 2017, the Company incurred net losses of $2.2 million and $1.6 million, respectively. Net cash used in operating activities was $0.5 million and $1.9 million for three months ended March 31, 2016 and 2017, respectively.

As of December 31, 2015 and 2016, the Company had cash and cash equivalents of $4.1 million and $3.9 million, respectively, and an accumulated deficit of $80.8 million and $87.6 million, respectively. As of March 31, 2017, the Company had cash and cash equivalents of $2.4 million and an accumulated deficit of $89.2 million. The Company's primary sources of capital to date have been from revenue, private placements of convertible preferred securities and amounts borrowed under its credit facility. On March 28, 2017, the Company amended its loan and security agreement with a financial services company to provide for additional borrowings of $3.0 million, with $1.5 million funded as of March 31, 2017. The $1.5 million of additional borrowing capacity is subject to meeting certain revenue targets. See Note 7 for further details regarding the additional financing and the revenue targets. As of March 31, 2017, the Company had $13.5 million in outstanding borrowings under its credit facility that are subject to certain restrictive covenants.

As of March 31, 2017, the Company expects that its existing cash and cash equivalents, outstanding borrowings and available capacity under its credit facility and cash flow generated from sales revenue will be sufficient to meet its capital requirements and fund its operations through at least 12 months after the date that these financial statements were issued. If these sources are insufficient to satisfy its liquidity requirements, however, it may seek to sell additional equity or debt securities or obtain additional borrowing capacity under its credit facility. If the Company were to raise additional funds by issuing equity securities, its stockholders would experience dilution. Debt financing, if available, may involve covenants restricting its operations or its ability to incur additional debt. Any debt financing or additional equity that the Company may raise may contain terms that are not favorable to the Company or its stockholders. Additional financing may not be available at all, or in amounts or on terms acceptable to the Company. If the Company is unable to obtain additional financing, it may be required to delay the development, commercialization and marketing of its services. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Note 3. Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the results of the Company and its wholly-owned subsidiary, ShotSpotter (Pty) Ltd. All significant intercompany transactions have been eliminated during consolidation.

*Unaudited Interim Financial Statements*

The accompanying consolidated balance sheet as of March 31, 2017, the consolidated statements of operations, comprehensive loss and cash flows for the three months ended March 31, 2016 and 2017, and the consolidated statement of convertible preferred stock and stockholders' deficit for the three months ended March 31, 2017 and the related note information are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position and stockholders' deficit as of March 31, 2017, and the results of operations, comprehensive loss and cash flows for the three months ended March 31, 2016 and 2017. The financial data and the other information disclosed in the notes to the consolidated financial statements related to these three-month periods are unaudited. The results of the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017 or for any other future period.

*Reverse Stock Split and Amendment to Certificate of Incorporation*

In December 2016, the Company's Board of Directors ("Board") and stockholders approved the amendment and restatement of the Company's Amended and Restated Certificate of Incorporation of the Company ("A&R Certificate") to effect a one-for-17 reverse stock split of the outstanding shares of the Company's capital stock, such that each 17 shares of capital stock issued and outstanding, automatically and without any action on the part of the respective holders thereof, combined into one share of the same class and series of capital stock.

The reverse stock split was effected as of December 30, 2016 and decreased the Company's issued and outstanding shares of common stock from 27,490,402 shares to 1,616,996 shares, and decreased the Company's issued and outstanding shares of convertible preferred stock from 85,417,135 shares to 5,024,446 shares.

All share and per share data in the accompanying financial statements and their related notes for all periods presented have been retroactively adjusted to give effect to the reverse stock split.

*March 2017 Amendment and Restatement of Certificate of Incorporation*

On March 27, 2017, the Company's Board and stockholders approved an amendment and restatement of the A&R Certificate (1) to provide that each share of Series A-2 convertible preferred stock will automatically convert into 0.715548 shares of common stock upon the consummation of a Qualified Public Offering and (2) to modify the definition of Qualified Public Offering to eliminate the minimum amount of aggregate net proceeds or minimum price per share to the public in such offering. All share and per share data related to unaudited pro forma balance sheet and net loss information in the accompanying consolidated financial statements and their related notes have been retroactively adjusted to give effect to the application of this conversion feature when presenting the Series A-2 convertible preferred stock on an as-converted basis.

The A&R Certificate also provided for (1) an increase in the total number of authorized shares to 14,550,000 and (2) an increase in the number of authorized shares of common stock to 8,600,000, in each case to accommodate the new conversion feature for the outstanding shares of Series A-2 convertible preferred stock.

*Unaudited Pro Forma Balance Sheet and Net Loss*

The unaudited pro forma balance sheet and unaudited pro forma net loss information reflects 1,623,171 shares of the Company's common stock outstanding at March 31, 2017, and assumes (1) the conversion of all 3,848,023 outstanding shares of Series B-1 convertible preferred stock into 3,848,023 shares of the Company's common stock, (2) conversion of all 1,176,423 shares of Series A-2 convertible preferred stock into 841,730 shares of the Company's common stock, (3) the reclassification of the convertible preferred stock warrant liability into additional paid-in capital, and (4) the adjustment of the losses resulting from the remeasurement of the convertible preferred stock warrant liability, in each case in connection with the closing of the Company's contemplated initial public offering of its common stock (the "IPO") as of the beginning of the respective period or the date of issuance, if earlier. Shares of common stock to be sold in the Company's contemplated IPO and related net proceeds are excluded from such pro forma information.

*Use of Estimates*

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its significant estimates including the valuation of accounts receivable, the lives of tangible and intangible assets, stock-based compensation expense, preferred stock warrant liabilities, and accounting for income taxes. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions it believes to be reasonable under the circumstances. Actual results could differ from those estimates and such differences could be material to the Company's financial position and results of operations.

*Revenue Recognition*

The Company recognizes revenue in accordance with ASC 605, *Revenue Recognition,* and, accordingly, when all of the following criteria are met.

- *Persuasive evidence of an arrangement exists*
- *Delivery has occurred or services have been rendered*
- *The sales price is fixed or determinable*
- *Collection of the related receivable is reasonable assured*

The Company generates substantially all of its revenues from the sale of gunshot detection subscription services, in which gunshot data generated by Company-owned sensors and software is sold to customers through a cloud-based hosting application for a specified contract period. Typically, the initial contract period is one to five years in length. The subscription contract is noncancelable without cause. Generally, these service arrangements do not provide the customer with the right to take possession of the hardware or software supporting the subscription service at any time. Therefore, these service arrangements are accounted for as subscriptions. A small portion of the Company's revenues are generated from the delivery of setup services to install Company-owned sensors in the customer's

coverage area and other services including training and license to integrate with third-party applications. Each type of revenue is recognized as follows:

*Subscription Revenues* – The Company recognizes subscription revenues ratably over the subscription period committed by the customer and commencing when the subscription service is fully operational and ready to go live, that is, upon completion of all deliverables stated in the signed customer acceptance form, assuming all other revenue recognition criteria are met.

*Revenue from Setup Fees* – The Company recognizes revenues from setup fees ratably based on the expected customer relationship period, typically over five years, which may extend beyond the initial contract period. In determining the expected customer relationship period, the Company considers specific customer details and renewal history with similar customers.

The Company generally invoices its customers for 50% of the total contract price at the time the contract is signed, and for the remaining 50% of the total contract price when the subscription service is operational and ready to go live.

The terms of the Company's service agreements contain multiple deliverables, which include the subscription service and setup services, as described above. The Company evaluates its multiple-element arrangements to determine (i) the deliverables included in the arrangement and (ii) whether the individual deliverables represent separate units of accounting or whether they must be accounted for as a combined unit of accounting. Deliverables are considered separate units of accounting provided that (1) the delivered item has standalone value to the customer; and (2) if the arrangement includes a general right of return with respect to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the Company's control. The Company allocates revenue to each element in an arrangement based on a selling price hierarchy. The selling price for a deliverable is based on its estimated selling price, as neither vendor specific objective evidence nor third party evidence of selling price is available. Any discount is allocated proportionally to all deliverables in the arrangement.

The Company has concluded that the setup services do not have stand-alone value to customers since the Company has not historically sold these services separately. In addition, these services have no value to the customer in the absence of the subscription service sold by the Company. Accordingly, the Company does not present revenues from setup fees separately on the consolidated statements of operations.

If a customer renews its subscription after the expiration of the previous subscription term, the Company only recognizes revenue for a renewal upon receipt of a signed contract from the customer, which could be several months following expiration of the original contract. The term of the renewed subscription starts on the original expiration date, as service is generally not discontinued upon the expiration of a contract if the contract is expected to be renewed. The Company recognizes revenue for the elapsed term in the month in which the renewal contract is executed.

*Deferred Revenue*

Deferred revenue consists substantially of amounts billed, or payments received in advance of revenue recognition, as described above. Once all revenue recognition criteria have been met, the deferred revenue is recognized. The short-term portion of deferred revenue represents the unearned revenue that has been collected in advance that will be recognized within 12 months of the balance sheet date. Correspondingly, long-term deferred revenue represents the unearned revenue that will be earned and recognized after 12 months from the balance sheet date.

*Cost of Revenue*

Cost of revenue includes all costs of providing the Company's services and supporting its customers. Cost of revenue primarily includes costs associated with the delivery of services, product and maintenance costs, shipping and handling costs, depreciation of hardware and an allocation of certain overhead and facility costs.

*Advertising and Promotion Costs*

Advertising and promotion costs are expensed as incurred. Advertising and promotion costs were $0.3 million, and $0.5 million for the years ended December 31, 2015 and 2016, respectively, and $0.1 million and $44,000 for the three months ended March 31, 2016 and 2017, respectively, and were included in sales and marketing expense in the consolidated statements of operations.

*Shipping and Handling Costs*

Shipping and handling costs include the cost of shipping the Company's sensors and related hardware to customers' coverage areas and are capitalized in property and equipment during installation and included in cost of revenues after customer "go-live," which represents the date on which the customer accepts delivery of contract deliverables. Shipping and handling costs were $28,000 and $39,000 for the years ended December 31, 2015 and 2016, and insignificant for both the three months ended March 31, 2016 and 2017.

*Research and Development Costs*

Research and development costs are expensed as incurred and consisted primarily of salaries and benefits, consultant fees, certain facilities costs, and other direct costs associated with the continued development of the Company's solutions.

*Cash and Cash Equivalents*

Cash and cash equivalents include all cash and highly liquid investments with an original maturity of three months or less. At December 31, 2015, 2016 and March 31, 2017, the Company's cash and cash equivalents consisted of cash deposited in financial institutions.

*Restricted Cash*

At December 31, 2015 and 2016 and March 31, 2017, restricted cash consisted of certificates of deposit held at a financial institution as collateral for credit cards held by the Company.

*Foreign Currency Translation*

The functional currency for the Company's foreign subsidiary, ShotSpotter (Pty) Ltd., is the local currency (South African Rand). The assets and liabilities of the subsidiary are translated into U.S. dollars using the exchange rate at the end of each balance sheet date. Revenues and expenses are translated at the average exchange rates for the period. Gains and losses from translations are recognized in foreign currency translation included in accumulated other comprehensive loss in the accompanying consolidated balance sheets. Foreign currency exchange gains and losses are recorded in other expense, net, in the accompanying consolidated statements of operations.

*Accounts Receivable*

Accounts receivable consist of trade accounts receivables from the Company's customers, net of an allowance for doubtful accounts if deemed necessary. Accounts receivable are recorded at the invoiced amount. The Company does not require collateral or other security for accounts receivable. The Company periodically evaluates the collectability of its accounts receivable and provides an allowance

for potential credit losses based on historical experience. At December 31, 2015 and 2016 and March 31, 2017, the Company did not have an allowance for potential credit losses as there were no estimated credit losses.

*Concentrations of Risk*

*Credit Risk* – Financial instruments that potentially subject the Company to concentration of credit risk consisted primarily of restricted cash, cash and cash equivalents and accounts receivable from trade customers. The Company maintains its cash deposits at two domestic financial institutions. The Company is exposed to credit risk in the event of default by a financial institution to the extent that cash and cash equivalents are in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company generally places its cash and cash equivalents with high-credit quality financial institutions. To date, the Company has not experienced any losses on its cash and cash equivalents.

*Concentration of Accounts Receivable* – At December 31, 2015, three customers accounted for 24%, 20% and 19% of the Company's accounts receivable. At December 31, 2016, three customers accounted for 27%, 16% and 11% of the Company's accounts receivable. Fluctuations in accounts receivable result from timing of the Company's execution of contracts and collection of related payments. At March 31, 2017, two customers accounted for 25% and 16% of the Company's accounts receivable.

*Concentration of Revenues* – For the year ended December 31, 2015, no single customer accounted for 10% or more of the Company's total annual revenues. For the year ended December 31, 2016, two customers each accounted for 12% of the Company's total annual revenues. For the three months ended March 31, 2016, one customer accounted for 11% of the Company's total revenues, and for the three months ended March 31, 2017, two customers accounted for 17% and 10% of the Company's total revenues.

*Concentration of Suppliers* – The Company relies on a limited number of suppliers and contract manufacturers. In particular, a single supplier is currently the sole manufacturer of the Company's proprietary sensors.

*Intangible Assets*

Intangible assets consisted of acquired patents and capitalized legal fees related to obtaining patents. Intangible assets are carried at cost, less accumulated amortization. Amortization is computed on a straight-line basis over three years, the estimated useful life of the assets.

*Property and Equipment, net*

Property and equipment, net, is stated at cost, less accumulated depreciation and amortization. The Company depreciates property and equipment using the straight-line method over their estimated useful lives, ranging from three to five years. Leasehold improvements are amortized over the shorter of the asset's useful life or the remaining lease term, which is five years.

*Deferred Offering Costs*

Deferred offering costs, consisting of legal, accounting and other fees and costs relating to the Company's planned IPO are capitalized within other assets on the consolidated balance sheet. The deferred offering costs will be offset against the proceeds received upon the closing of the planned IPO. In the event the planned IPO is terminated, all of the deferred offering costs will be expensed within loss from operations. As of March 31, 2017, $0.8 million (unaudited) of deferred offering costs

were recorded as other assets on the consolidated balance sheet. There were no deferred offering costs incurred for the previous periods presented.

*Accounting for Impairment of Long-Lived Assets*

The Company annually reviews long-lived assets for impairment or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount of the asset to the future net cash flows which the asset is expected to generate. If such assets are determined to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the future net cash flows arising from the assets. Assets to be disposed of are reported at the lower of their carrying amounts or fair value less cost to sell. The Company has not recorded any impairment of long-lived assets through March 31, 2017.

*Royalty Expense*

In 2009, the Company entered into a license agreement with a third party relating to a patented gunshot digital imaging system that facilitates integration with certain third-party systems. The terms of the license agreement require the Company to pay a one-time fee of $5,000 for each license sold to a customer allowing the customer to integrate their ShotSpotter service with a third-party application, such as a video management system, with a minimum annual amount due of $75,000. In 2015 and 2016, the Company incurred only the $75,000 minimum amount. During the three months ended March 31, 2016 and 2017, the Company royalty expense was immaterial. The license agreement renews automatically on each subsequent year unless it is terminated in accordance with the agreement.

The royalty fee due for each license sold to a customer is capitalized as property and equipment and amortized over the estimated useful life. The difference in royalty fees capitalized in property and equipment and the minimum annual payment is classified as general and administrative expense in the consolidated statements of operations and was $35,000 and $35,000 for the years ending December 31, 2015, 2016, and an insignificant amount for both the three months ended March 31, 2016 and 2017.

*Capitalized Internal-Use Software*

Costs incurred to develop software for internal use and for the Company's solutions are capitalized and amortized over such software's estimated useful life. Costs capitalized during all periods presented have not been material.

*Other Comprehensive Loss*

Other comprehensive loss is generally gains or losses associated with fluctuations in currency exchange rates for revenues and expenses paid in foreign currency. For the year ended December 31, 2015, the Company did not have any other comprehensive income or loss and, therefore, net loss and comprehensive loss were the same for this period. For the year ended December 31, 2016, and the three months ended March 31, 2017, other comprehensive loss consisted of foreign currency translation adjustments related to the Company's foreign operations.

*Convertible Preferred Stock*

The Company recorded the convertible preferred stock at fair value on their dates of issuance, net of issuance costs. The convertible preferred stock is recorded outside of stockholders' deficit in the consolidated balance sheets because in the event of certain deemed liquidation events considered not to be solely within the Company's control, such as a merger, acquisition, or sale of all or substantially all of the Company's assets, the convertible preferred stock will become redeemable at the option of the holders. The Company has not adjusted the carrying values of the convertible preferred stock to

the liquidation preferences of such shares because it is uncertain whether or when an event would occur that would obligate the Company to pay the liquidation preferences to holders of shares of convertible preferred stock. Subsequent adjustments to the carrying values to the liquidation preferences will be made only when it becomes probable that such liquidation events will occur. At December 31, 2015 and 2016 and March 31, 2017, it was not probable that such liquidation events would occur.

*Convertible Preferred Stock Warrants*

The Company has issued warrants that are exercisable for shares of Series B-1 convertible preferred stock, or for shares of common stock upon the automatic conversion of all outstanding series of preferred stock into common stock. These warrants are classified as a preferred stock warrant liability in the consolidated balance sheets, rather than stockholders' deficit, as they met the criteria to be classified as a derivative liability. The convertible preferred stock warrants are subject to remeasurement to fair value at each balance sheet date and any change in fair value is recognized as a component of other expense, net, in the consolidated statements of operations. The Company estimates the fair value of the warrants using an option pricing method ("OPM") or probability weighed expected return method ("PWERM") that incorporates the use of OPM, to allocate the estimated value of the Company. The OPM treats classes of stock as call options on a company's enterprise value with exercise prices based on the liquidation preferences of convertible preferred stock. The OPM prices the call option using the Black-Scholes model. The PWERM relies on a forward-looking analysis to predict the possible future value of a company by weighing discrete future outcomes. The Company will continue to adjust the convertible preferred stock warrant liability for changes in fair value until the earlier of the exercise, conversion or expiration of the warrants or the completion of a deemed liquidation event.

*Fair Value Measurements*

The Company uses a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The three-level hierarchy prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those financial instruments. The three-level hierarchy for fair value measurements is defined as follows:

*Level I* – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

*Level II* – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument

*Level III* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or a liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

*Stock-Based Compensation*

The Company generally grants options to purchase shares of its common stock to its employees and directors for a fixed number of shares with an exercise price equal to the fair value of the underlying shares at the grant date. Fair value is determined by the Board. The Company accounts for these options under ASC Topic 718, *Compensation – Stock Compensation.* Accordingly, all stock option grants are accounted for using the fair value method, and stock-based compensation expense is recognized as the underlying options vest. The Company uses the Black-Scholes option pricing model to measure the fair value of its stock options.

Stock-based compensation for options granted to non-employees is measured on the date of performance at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measured. Compensation for options granted to non-employees is periodically remeasured as the underlying options vest.

Given the absence of a public trading market for the Company's common stock, the Board has considered numerous objective and subjective factors to determine the fair value of the Company's common stock each time stock option grants are approved. The factors include, but are not limited to: (i) the valuation of the Company's common stock by an unrelated third party; (ii) the Company's results of operations, financial position and capital resources; (iii) current economic indicators and outlook; (iv) competition for the Company's solutions; and (v) the Company's marketing methods.

The Company estimates the grant date fair value of its common stock options using the following assumptions:

*Expected Term* – The expected term represents the period that the stock-based compensation awards are expected to be outstanding. Since the Company did not have sufficient historical information to develop reasonable expectations about future exercise behavior, the Company used the simplified method to compute expected term, which reflects the weighted average of time-to-vesting.

*Risk-Free Interest Rate* – The risk-free interest rate is based on the yield on U.S. Treasury yield curve in effect at the grant date.

*Expected Volatility* – As the Company's common stock has never been publicly traded, the expected volatility is derived from the average historical volatilities of publicly traded companies that are reasonably comparable to the Company's own operations.

*Segment Information*

The Company has one operating segment with one business activity, providing gunshot detection systems. The Company's chief operating decision maker is its chief executive officer, who manages operations on a consolidated basis for purposes of allocating resources.

*Income Taxes*

The Company records income taxes in accordance with the liability method of accounting. Deferred taxes are recognized for the estimated taxes ultimately payable or recoverable based on enacted tax law. The Company establishes a valuation allowance to reduce the deferred tax assets when it is more likely than not that a deferred tax asset will not be realizable. Changes in tax rates are reflected in the tax provision as they occur.

In accounting for uncertainty in income taxes, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. As of December 31, 2016 and March 31, 2017, the Company did not have any unrecognized tax benefits. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

*Net Loss per Share Attributable to Common Stockholders*

Basic net loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted average number of common shares and common stock equivalents outstanding during the period. Common stock equivalents are only included when their effect is dilutive. Common stock equivalents are potentially dilutive securities and include convertible preferred stock, warrants and outstanding stock options. These potentially dilutive securities are excluded from the computation of diluted net loss per share if their inclusion would be anti-dilutive. For all periods presented, there is no difference in the number of shares used to compute basic and dilutive shares outstanding due to the Company's net loss position.

*Accounting Pronouncements Recently Adopted*

In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 provides guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The Company adopted ASU 2015-15 in the fourth quarter of fiscal 2016 on a retrospective basis.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 provides guidance regarding financial statement presentation of debt issuance costs related to recognized debt liability. The guidance states that debt issuance costs related to a recognized debt liability shall be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with that of debt discounts. The Company adopted this ASU in the first quarter of fiscal 2016 with retroactive application. The adoption of this ASU did not have any impact on the Company's consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17*, Balance Sheet Classification of Deferred Taxes*, to simplify the presentation of deferred income taxes. The amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The Company early adopted ASU 2015-17 as of the beginning of the fourth quarter ended December 31, 2015 on a prospective basis. There is no impact to the consolidated balance sheet amounts as a result of early adoption.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which require all excess tax benefits and tax deficiencies associated with share-based payments to be recognized as income tax expense or income tax benefit, respectively, rather than as additional paid-in capital. The amendments also increase the amount an employer can withhold in order to cover income taxes on awards, allows companies to recognize forfeitures of awards as they occur, and requires companies to present excess tax benefits from stock-based compensation as an operating activity in the statement of cash flows rather than as a financing activity. The method of adoption varies with the different aspects of the ASU. The Company adopted this as of January 1,

2017. The adoption of this ASU did not have any impact on the Company's consolidated financial statements.

*Recent Accounting Pronouncements Not Yet Effective*

In May 2014, the FASB issued ASC Topic 606, *Revenue from Contracts with Customers*. This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that reflects the consideration to which the entity expects to be entitled to in exchange for those goods and services. The standard will replace most existing revenue recognition guidance generally accepted in the United States of America. Topic 606 is effective for the Company as of January 1, 2018, and permits the use of either a retrospective or cumulative effect transition method.

The Company's preliminary assessment is that there are no material changes in the timing and amount of the recognition of revenue for our service arrangements. This preliminary assessment is based on analysis that the subscription and setup services included in the contractual arrangements are not distinct in the context of the subscription contract as they are considered highly interrelated and represent a single combined performance obligation that should be recognized ratably over time. The actual revenue recognition treatment required under the new standard for these arrangements may be dependent on contract-specific terms which may vary in some instances. While the Company continues to assess all potential impacts of the new standard, the Company believes the most significant impact relates to the capitalization of sales commissions. The Company believes it is following an appropriate timeline for adoption of the new standard.

In January 2016 the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides targeted improvements to the recognition, measurement, presentation and disclosure of financial assets and financial liabilities. Specific accounting areas addressed include equity investments and financial liabilities reported under the fair value option and valuation allowance assessment resulting from unrealized losses on available-for-sale securities. The ASU also changes certain presentation and disclosure requirements for financial instruments. The ASU is to be applied by means of a cumulative effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. This ASU is effective for the Company as of January 1, 2018. Early adoption, with certain exceptions, is not permitted. The Company is currently evaluating the effect this ASU will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize right-of-use assets and corresponding liabilities for all leases with an initial term in excess of twelve months. The ASU is to be adopted using a modified retrospective approach, which includes a number of practical expedients, that requires leases to be measured and recognized under the new guidance at the beginning of the earliest period presented. This ASU is effective for the Company as of January 1, 2019. Early adoption is permitted. The Company is currently evaluating the effect this ASU will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which require all excess tax benefits and tax deficiencies associated with share-based payments to be recognized as income tax expense or income tax benefit, respectively, rather than as additional paid-in capital. The amendments also increase the amount an employer can withhold in order to cover income taxes on awards, allows companies to recognize forfeitures of awards as they occur, and requires companies to present excess tax benefits from stock-based compensation as an operating activity in the statement of cash flows rather than as a financing activity. The method of adoption varies with the different aspects of the ASU. The ASU is effective for the Company as of

January 1, 2017. The Company does not expect adoption of this ASU to have any impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*: *Classification of Certain Cash Receipts and Cash Payments*, addressing eight specific cash flow issues in an effort to reduce diversity in practice. The ASU is effective for the Company as of January 1, 2018. Early adoption is permitted. The Company is currently evaluating the effect this ASU will have on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *Inter-Entity Transfers of Assets Other Than Inventory*. The guidance requires entities to recognize the income tax impact of an intra-entity sale or transfer of an asset other than inventory when the sale or transfer occurs, rather than when the asset has been sold to an outside party. The guidance will require a modified retrospective application with a cumulative catch-up adjustment to opening retained earnings. The ASU is effective for the Company as of January 1, 2018. Early adoption is permitted. The Company does not expect adoption of this ASU to have any impact on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This ASU is effective for the Company as of January 1, 2018. Early adoption is permitted, including adoption in an interim period as of the beginning of an annual reporting period for which interim or annual financial statements have not been issued or made available for issuance. The Company does not expect adoption of this ASU to have any impact on its consolidated financial statements.

**Note 4. Fair Value Measurements**

The carrying amounts of cash and cash equivalents, accounts payable, and accrued liabilities approximate their fair values because of the short maturity of these items.

The fair value of the Company's notes payable approximates carrying value and was estimated using active market quotes based on the Company's current incremental borrowing rate for similar types of borrowing arrangement, which are considered to be Level II inputs.

The Company's convertible preferred stock warrant liability is measured on a recurring basis and is classified within Level III of the fair value hierarchy because some of the inputs used in its measurement are neither directly or indirectly observable. The valuation methodology and underlying assumptions in the fair value determination are discussed in Note 3 and Note 11.

There were no transfers into or out of Level III during the years ended December 31, 2015 and 2016 and the three months ended March 31, 2016 and 2017. The changes in the fair value of the convertible preferred stock warrant liability are summarized below (in thousands):

| | Fair Value Measurements at Reporting Date Using Level III Inputs |
|---|---|
| Fair value at December 31, 2014 | $ 1,204 |
| Issuance of convertible preferred stock warrants | 147 |
| Change in fair value recorded in other expense, net | — |
| Fair value at December 31, 2015 | 1,351 |
| Change in fair value recorded in other expense, net | (524) |
| Fair value at December 31, 2016 | 1,875 |
| Issuance of convertible preferred stock warrants (unaudited) | 111 |
| Change in fair value recorded in other expense, net (unaudited) | — |
| Fair value at March 31, 2017 (unaudited) | $ 1,986 |

**Note 5. Intangible Assets, net**

Intangible assets, net, consisted of the following (in thousands):

| | December 31, 2015 | | |
|---|---|---|---|
| | Gross | Accumulated Amortization | Net |
| Patents | $ 822 | $ (770) | $ 52 |

| | December 31, 2016 | | |
|---|---|---|---|
| | Gross | Accumulated Amortization | Net |
| Patents | $ 873 | $ (807) | $ 66 |

| | March 31, 2017 | | |
|---|---|---|---|
| | Gross | Accumulated Amortization (unaudited) | Net |
| Patents | $ 880 | $ (817) | $ 63 |

Amortization expense during the years ended December 31, 2015 and 2016 was $86,000 and $37,000, respectively. Amortization expense during the three months ended March 31, 2016 and 2017 was $8,000 and $10,000, respectively.

**Note 6. Details of Certain Consolidated Balance Sheet Accounts**

**Prepaid expenses and other current assets (in thousands):**

| | December 31, 2015 | December 31, 2016 | March 31, 2017 (unaudited) |
|---|---|---|---|
| Prepaid software and licenses | $ 256 | $ 286 | $ 259 |
| Other prepaid expenses | 137 | 196 | 228 |
| Other | 52 | 85 | 88 |
| Total | $ 445 | $ 567 | $ 575 |

**Property and equipment, net (in thousands):**

| | December 31, 2015 | December 31, 2016 | March 31, 2017 (unaudited) |
|---|---|---|---|
| Deployed equipment | $ 10,220 | $ 13,240 | $ 13,973 |
| Computer equipment | 776 | 912 | 927 |
| Software | 201 | 202 | 202 |
| Furniture and fixtures | 216 | 151 | 151 |
| Leashold improvements | 183 | 185 | 240 |
| Construction in progress | 861 | 2,084 | 2,362 |
| | $ 12,457 | $ 16,774 | $ 17,855 |
| Accumulated depreciation and amortization | (5,444) | (7,815) | (8,470) |
| | $ 7,013 | $ 8,959 | $ 9,385 |

Depreciation and amortization expense for the years ended December 31, 2015 and 2016 was $2.3 million and $2.6 million, respectively. Depreciation and amortization expense for the three months ended March 31, 2016 and 2017 was $0.6 million and $0.7 million, respectively.

**Accrued expenses and other current liabilities (in thousands):**

| | December 31, 2015 | December 31, 2016 | March 31, 2017 (unaudited) |
|---|---|---|---|
| Payroll liabilities | $ 401 | $ 1,146 | $ 871 |
| Accrued employee paid time off "PTO" | 265 | 372 | 423 |
| Accrued commissions | 141 | 51 | 74 |
| Accrued interest | 104 | 123 | 121 |
| Royalties payable | 180 | 225 | 69 |
| Other | 229 | 442 | 649 |
| | $ 1,320 | $ 2,359 | $ 2,207 |

**Note 7. Financing Arrangements**

*Notes Payable*

*2014 Term Note* – In November 2014, the Company entered into a loan and security agreement with a commercial bank which allowed for borrowings up to $3.0 million under a term note ("2014 Term Note") and up to $7.0 million less the then-current outstanding borrowings under the 2014 Term

Note under a line of credit ("2014 Line of Credit"). In November 2014, the Company borrowed $3.0 million under the 2014 Term Note of which $1.8 million of the proceeds was used to repay an outstanding debt with a different commercial bank. Borrowings under the 2014 Term Note bore 5.75% interest (prime rate of 3.25% plus 2.5%), with interest only payments through October 2015, followed by 24 equal monthly installments of principal and interest. The Company was also required to pay origination fees of $15,000, facilities fees of $70,000 and a termination fee of $60,000. These debt issuance costs were recorded as a direct deduction from notes payable in the consolidated balance sheets and were amortized to interest expense over the term of the note using the effective interest method. In 2015, the Company recognized $55,000 of interest expense in connection with the aforementioned fees. In September 2015, the Company repaid the 2014 Term Note and there was no outstanding balance under the 2014 Term Note at December 31, 2015 and 2016. The write-off of unamortized debt issuance costs of $77,000 was recorded as a loss on early extinguishment of debt in operating expenses during the year ended December 31, 2015.

*2014 Line of Credit* – In February 2015, the Company borrowed $1.0 million, and in May 2015, the Company borrowed an additional $0.9 million, under the 2014 Line of Credit. Outstanding borrowings under the 2014 Line of Credit bore 4.75% interest (prime rate of 3.25% plus 1.5%). In September 2015, the outstanding balance of $1.9 million was repaid in full.

*2015 Term Note* – In September 2015, the Company entered into a loan and security agreement with a financial services company, which allowed for borrowings of up to $12.0 million under a term note (the "2015 Term Note"). In September 2015, the Company borrowed $10.0 million under the 2015 Term Note, of which $5.0 million of the proceeds was used to repay the outstanding borrowings under the 2014 Term Note and the 2014 Line of Credit. In August 2016, the Company borrowed an additional $2.0 million under the 2015 Term Note.

Borrowings under the 2015 Term Note bear interest at the greater of: (i) the average prime rate in effect during each month or (ii) the average three-month LIBOR rate during such month, plus 2.5% per annum, plus 7.5% with a minimum rate of 11%, with interest only payments through October 2017, followed by 36 equal monthly installments of principal and interest through October 2020, the maturity date. The weighted average interest rate during the years ended December 31, 2015 and 2016 was 11%. At December 31, 2015 and 2016, the outstanding borrowings under the 2015 Term Note was $9.6 million, $11.7 million, respectively, net of unamortized debt issuance costs. In 2016, the Company recognized $1.2 million in interest expense based on the outstanding balance of the 2015 Term Note during the period.

At March 31, 2017, the outstanding borrowings under the 2015 Term Note was $13.1 million, net of unamortized debt issuance costs. The weighted average interest rate in effect during the three months ended March 31, 2016 and 2017 was 11% and 11.33%, respectively. During both of the three months ended March 31, 2016 and 2017, the Company recognized $0.3 million in interest expense based on the outstanding balance of the 2015 Term Note during the respective periods.

The Company also paid origination fees, facilities fees and various legal fees of $0.3 million and issued a warrant to purchase 174,000 shares of Series B-1 convertible preferred stock for an exercise price of $5.8667 per share. The warrant was valued at $147,000 on the date of issuance using an OPM to allocate the estimated value of the Company. The OPM treats classes of stock as call options on a company's enterprise value with exercise prices based on the liquidation preferences of convertible preferred stock. The OPM prices the call option using the Black-Scholes model. The fair value of the warrant was recorded as a liability as it met the criteria to be classified as a derivative liability. These debt issuance costs were recorded as a direct deduction to notes payable in the consolidated balance sheets. Debt issuance costs are being amortized to interest expense using the effective interest method over the term of the note. During the years ended December 31, 2015 and 2016, the Company

recognized $32,000 and $131,000, respectively, of interest expense in connection with the debt issuance costs. During the three months ended March 31, 2016 and 2017, the Company recognized $32,000 and $34,000, respectively, of interest expense in connection with the debt issuance costs.

During the three months ended March 31, 2016 and 2017, the Company recognized $0.3 million and $0.3 million, respectively, in interest expense based on the outstanding balance of the 2015 Term Note during the period.

Borrowings under the 2015 Term Note are secured by substantially all of the assets of the Company. Additionally, the terms of the 2015 Term Note contain various negative covenants agreed to by the Company, relating to mergers and business combinations, the acquisition or transfer of Company assets. In addition, these covenants limit the ability of the Company to incur indebtedness, make loans, invest in or secure the obligations of other parties, pay or declare dividends, make distributions with respect to the Company's securities, redeem outstanding shares of the Company's stock, create subsidiaries, materially change the nature of its business, enter into related party transactions or reincorporate, reorganize or dissolve the Company.

Under the 2015 Term Note, the Company is required to maintain certain financial covenants including: (a) attain certain minimum recurring revenues based on six months of annualized recurring revenue; (b) maintain a minimum amount of unrestricted cash in deposit; and (c) maintain no more than $250,000 in cash in foreign bank accounts. As of December 31, 2016, the Company was in violation of the covenant to maintain no more than $250,000 in cash in foreign bank accounts, due to amounts held by the Company's foreign subsidiary. The covenant violation was subsequently cured on January 23, 2017. The covenant to maintain a minimum amount of unrestricted cash in deposit was also subsequently amended in March 2017.

In March 2017, the Company amended the 2015 Term Note. In March 2017, the Company amended the 2015 Term Note to increase available borrowings from $12.0 million to $15.0 million and borrowed $1.5 million under this 2015 Term Note. In order to access the remaining $1.5 million, total borrowings under the 2015 Term Note must not exceed 75% of the three-month annualized recurring revenues. The financial covenant to maintain a certain level of unrestricted cash was amended to require minimum unrestricted cash of not less than $1.0 million and increasing to $1.5 million by September 30, 2017. In connection with the amendment of the 2015 Term Note, the Company paid loan fees of $30,000 and issued a warrant to purchase 76,704 shares of Series B-1 preferred stock at an exercise price of $5.8667 per share provided, however, that if the Company completes a Qualified Public Offering prior to September 30, 2017 in which it raises at least $25.0 million in net proceeds, after deducting underwriting discounts but before transaction expenses, the number of shares underlying this warrant will be reduced to 61,363 shares.

Notes payable consisted of the following (in thousands):

| | December 31, | | March 31, |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| | | | (unaudited) |
| Notes payable | $ 10,000 | $ 12,000 | $ 13,500 |
| Unamortized debt issuance costs | (435) | (321) | (428) |
| Current maturities of term note | — | (667) | (1,875) |
| Total notes payable, net of current portion | $ 9,565 | $ 11,012 | $ 11,197 |

At December 31, 2016, aggregate future maturities of notes payable, exclusive of debt issuance costs, under the 2015 Term Note are due as follows (in thousands):

| Year ending December 31, | |
|---|---|
| 2017 | $ 667 |
| 2018 | 4,000 |
| 2019 | 4,000 |
| 2020 | 3,333 |
| Total | $ 12,000 |

At March 31, 2017, aggregate future maturities of notes payable, exclusive of debt issuance costs, under the amended 2015 Term Note are due as follows (in thousands) (unaudited):

| Three months ending March 31, | |
|---|---|
| 2017 (remainder of year) | $ 750 |
| 2018 | 4,500 |
| 2019 | 4,500 |
| 2020 | 3,750 |
| Total | $ 13,500 |

**Note 8. Income Taxes**

The domestic and foreign components of net loss were as follows (in thousands):

| | Year ended December 31, | |
|---|---|---|
| | 2015 | 2016 |
| Domestic | $ (6,191) | $ (6,744) |
| Foreign | — | (116) |
| Net loss | $ (6,191) | $ (6,860) |

A reconciliation of income taxes at the statutory federal income tax rate to net income taxes included in the accompanying consolidated statements of operations is as follows (in thousands):

| | December 31, 2015 | December 31, 2016 |
|---|---|---|
| Income tax at statutory rate | $ (2,104) | $ (2,331) |
| Net operating losses not benefited | 2,040 | 2,105 |
| Other | 64 | 226 |
| Total | $ — | $ — |

Temporary differences that gave rise to significant portions of the Company's deferred tax assets and liabilities as of December 31, 2015 and 2016 were as follows (in thousands):

| | December 31, 2015 | December 31, 2016 |
|---|---|---|
| Deferred tax assets: | | |
| Net operating losses | $ 27,037 | $ 28,677 |
| Credits | 1,260 | 1,414 |
| Accruals and reserves | 181 | 519 |
| Deferred revenue and contract costs | 724 | 871 |
| Gross deferred tax assets | 29,202 | 31,481 |
| Valuation allowance | (28,997) | (31,143) |
| Net deferred tax assets | $ 205 | $ 338 |
| Deferred tax liabilities: | | |
| Fixed assets and intangibles | (205) | (338) |
| Total deferred tax liabilities | (205) | (338) |
| Total net deferred tax liability | $ — | $ — |

Realization of deferred tax assets is dependent upon future taxable income, if any, the timing and amount of which are uncertain. Management has determined that the deferred tax assets are not realizable on a more likely than not basis. Accordingly, deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by $2.1 million during the year ended December 31, 2016.

As of December 31, 2016, the Company had total net operating loss carryforwards for federal and state income tax purposes of approximately $75.7 million and $54.5 million, respectively, available to reduce future income subject to income taxes. The federal and state net operating loss carryforwards will begin to expire, if not utilized, in 2017 through 2035.

As of December 31, 2016, the Company had available for carryover research and experimental credits for federal and California income tax purposes of approximately $1.1 million and $1.2 million, respectively, which are available to reduce future income taxes. The federal research and experimental tax credits will begin to expire, if not utilized, in 2026. The California research and experimental tax credits carry forward indefinitely until utilized.

Section 382 of the Internal Revenue Code of 1986 (the "Code"), as amended, and similar California regulations impose substantial restrictions on the utilization of net operating losses and tax credits in the event of an "ownership change" of a corporation. Accordingly, the Company's ability to utilize net operating losses and credit carryforwards may be limited as the result of such an "ownership change" as defined in the Code.

*Uncertain Tax Positions*

The Company applied FASB ASC 740-10-50, *Accounting for Uncertainty in Income Tax,* which prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company classifies interest and penalties as a component of tax expense.

The Company had unrecognized tax benefits of approximately $0.6 million as of December 31, 2016, all of which was offset by a full valuation allowance. No interest or penalties have been accrued as of December 31, 2016.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in thousands):

| | |
|---|---|
| Balance as of December 31, 2014 | $ 768 |
| Increases for current year tax positions | 45 |
| Increases for prior year tax positions | — |
| Balance as of December 31, 2015 | 813 |
| Increases for current year tax positions | 63 |
| Decreases for prior year tax positions | (302) |
| Balance as of December 31, 2016 | $ 574 |

Unrecognized tax benefits may change during the next 12 months for items that arise in the ordinary course of business. The Company does not anticipate a material change to its unrecognized tax benefits over the next 12 months that would affect the Company's effective tax rate.

The Company files income tax returns in federal, various state and U.S. territory jurisdictions, and South Africa. The statute of limitations remain open for fiscal 2005 through 2015 in the United States and the various state and the U.S. territory jurisdictions. Years beyond the normal statute of limitations remain open to audit by tax authorities due to tax attributes generated in earlier years which are being carried forward and may be audited in subsequent years when utilized.

**Note 9. Capital Stock**

*Convertible Preferred Stock*

At December 31, 2015 and 2016, and March 31, 2017 (unaudited) convertible preferred stock was as follows:

| | Shares Authorized | Shares Issued and Outstanding | Aggregate Liquidation Preference (in thousands) |
|---|---|---|---|
| Series B-1 | 4,773,000 | 3,848,023 | $ 22,575 |
| Series A-2 | 1,177,000 | 1,176,423 | 20,000 |
| | | | $ 42,575 |

The rights, preferences, privileges and restrictions of the Company's Series A-2 and B-1 convertible preferred stock are as follows:

*Dividends* – Holders of Series B-1 convertible preferred stock are entitled to receive, when, as and if declared by the Board, out of any assets legally available for distribution, prior and in preference to any declaration or payment of any dividend on any other stock of the Company, at the annual rate of 8% of the original Series B-1 convertible preferred stock issue price. Such dividends will not be cumulative. After payment of such dividends, any additional dividends or distribution shall be distributed among all holders of common stock and Series B-1 convertible preferred stock in proportion to the number of shares of common stock that would be held by each such holder if all shares of Series B-1 convertible preferred stock were converted to common stock at the effective conversion rate. No dividends have been declared by the Board through March 31, 2017.

Holders of Series A-2 convertible preferred stock are not entitled to receive dividends.

*Liquidation Preference* – In the event of a liquidation, dissolution or winding up of the Company, the holders of Series B-1 convertible preferred stock are entitled to receive, prior and in preference to holders of Series A-2 convertible preferred stock or common stock, an amount equal to the sum of (i) $5.8667 for each outstanding share of Series B-1 convertible preferred stock, subject to adjustments for any stock splits, stock dividends, recapitalizations or the like; and (ii) an amount equal to any declared but unpaid dividends on such shares. If upon the occurrence of such an event, the assets and funds to be distributed among the holders of Series B-1 convertible preferred stock are insufficient to permit the payment to such holders, the entire assets and funds of the Company legally available for distribution will be distributed ratably among the holders of Series B-1 convertible preferred stock.

After the completion of the distribution to the holders of Series B-1 convertible preferred stock as described above, the holders of Series A-2 convertible preferred stock are entitled to receive, prior and in preference to any distribution of any of the remaining assets of the Company to the holders of common stock, an amount per share equal to $17.00 for each outstanding share of Series A-2 convertible preferred stock, as adjusted for any stock split, stock dividends, recapitalizations or the like. If upon occurrence of such event, the assets and funds thus distributed among the holders of Series A-2 convertible preferred stock are insufficient to permit the payment to such holders of Series A-2 convertible preferred stock, then the entire assets and funds of the Company legally available for distribution will be distributed ratably among the holders of Series A-2 convertible preferred stock.

*Voting* – Holders of Series A-2 convertible preferred stock are not entitled to vote, except as required by law. The holder of each share of Series B-1 convertible preferred stock shall have the right to one vote for each share of common stock into which such share could then be converted, based on the conversion features.

*Conversion* – Each holder of Series B-1 convertible preferred stock has the option to convert such shares into a number of fully paid and non-assessable shares of common stock at a conversion rate determined by dividing the liquidation preference per share by the then applicable conversion price. The current conversion rate for the Series B-1 convertible preferred stock is 1-to-1.

On March 27, 2017, the Board approved an amendment and restatement of the Company's certificate of incorporation ("A&R Certificate") to provide that (1) each share of Series A-2 convertible preferred stock would automatically convert into 0.715548 fully paid and non-assessable shares of common stock upon the consummation of a "Qualified Public Offering," which term is defined as a firm commitment underwritten public offering pursuant to a registration statement on Form S-1 or Form SB-2 under the Securities Act of 1933 (without regard to a minimum amount of aggregate net proceeds or minimum price per share to the public in such offering).

Each share of convertible preferred stock will automatically convert into fully paid and non-assessable shares of common stock at the applicable conversion rate currently in effect immediately upon the earlier of (i) a Qualified Public Offering or (ii) the date specified by written consent or agreement of the holders of a majority of the then-outstanding shares of Series B-1 convertible preferred stock, voting on an as-converted basis.

*Redemption* – Series A-2 and Series B-1 convertible preferred stock are not manditorily redeemable.

*Protective Provisions* – The holders of Series B-1 convertible preferred stock have certain protective provisions. So long as at least 588,236 shares of Series B-1 convertible preferred stock remain outstanding, as adjusted for any stock splits, stock dividends, recapitalizations or the like, the Company cannot without first obtaining approval of at least a majority of the then-outstanding shares of Series B-1 convertible preferred stock, voting on an as-converted basis, take any action that:

(i) consummates a liquidation, dissolution, or winding-up of the Company; (ii) adversely alters, waives or affects the rights, preferences, privileges, or powers of, or restrictions of any series of preferred stock; (iii) increases or decreases the authorized number of shares of common stock, or any series of preferred stock; (iv) creates a new class or series of security; or (v) declares or pays any dividends or other distributions for preferred stock or common stock.

*Common Stock*

At December 31, 2016, the Company was authorized to issue 8,000,000 shares of common stock with a par value of $0.005 per share. At December 31, 2015 and 2016, and March 31, 2017, there were 1,583,601, 1,616,996 and 1,623,171 shares of common stock issued and outstanding, respectively. Holders of common stock have voting rights equal to one vote per share of common stock held and are entitled to receive any dividends as may be declared from time to time by the Board.

Common stock is subordinate to Series B-1 convertible preferred stock with respect to dividend rights and subordinate to Series B-1 and A-2 convertible preferred stock with respect to rights upon certain deemed liquidation events of the Company.

At December 31, 2016, shares of common stock reserved for future issuance were as follows:

| | December 31, 2016 |
|---|---|
| Conversion of Series B-1 convertible preferred stock | 3,848,023 |
| Conversion of Series A-2 convertible preferred stock(1) | 841,730 |
| Conversion of Series B-1 convertible preferred stock warrants | 680,027 |
| Total conversion of convertible preferred stock and warrants | 5,369,780 |
| Options outstanding | 1,130,141 |
| Options available for future grant | 390,164 |
| Total | 6,890,085 |

At March 31, 2017, shares of common stock reserved for future issuance were as follows (unaudited):

| | March 31, 2017 |
|---|---|
| Conversion of Series B-1 convertible preferred stock | 3,848,023 |
| Conversion of Series A-2 convertible preferred stock(1) | 841,730 |
| Conversion of Series B-1 convertible preferred stock warrants | 756,731 |
| Total conversion of convertible preferred stock and warrants | 5,446,484 |
| Options outstanding | 1,312,446 |
| Options available for future grant | 201,684 |
| Total | 6,960,614 |

(1) Reflects the effect of an amendment and restatement of the A&R Certificate in March 2017 to implement a conversion feature for the Series A-2 convertible preferred stock.

**Note 10. Net Loss per Share**

The following table summarizes the computation of basic and diluted net loss per share (in thousands, except share and per share data):

| | Year ended December 31, | | Three Months Ended March 31 | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| **Numerator:** | | | | |
| Net loss | $ (6,191) | $ (6,860) | $ (2,159) | $ (1,561) |
| **Denominator:** | | | | |
| Weighted-average shares outstanding, basic and diluted | 1,552,780 | 1,602,402 | 1,591,635 | 1,678,326 |
| Net loss per share | $ (3.99) | $ (4.28) | $ (1.36) | $ (0.93) |

The following potentially dilutive shares outstanding at the end of the periods presented were excluded in the calculation of diluted net loss per share as the effect would have been anti-dilutive:

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | | | (unaudited) | |
| Options to purchase common stock | 938,250 | 1,130,141 | 1,054,867 | 1,308,248 |
| Warrants to purchase Series B-1 convertible preferred stock | 680,027 | 680,027 | 680,027 | 756,731 |
| Series B-1 convertible preferred stock (as-converted) | 3,848,023 | 3,848,023 | 3,848,023 | 3,848,023 |
| Series A-2 convertible preferred stock (as-converted) | 841,730 | 841,730 | 841,730 | 841,730 |
| Total | 6,308,030 | 6,499,921 | 6,424,647 | 6,754,732 |

*Unaudited Pro Forma Net Loss per Share*

The following table sets forth the calculation of the pro forma net loss per share after giving effect to the conversion of convertible preferred stock (in thousands, except share and per share data):

| | Year Ended December 31, 2016 | Three Months Ended March 31, 2017 |
|---|---|---|
| **Numerator:** | | |
| Net loss | $ (6,860) | $ (1,561) |
| Adjust: remeasurement of convertible preferred stock warrant liability | 524 | — |
| Pro forma net loss | (6,336) | (1,561) |
| **Denominator:** | | |
| Weighted-average shares used to compute basic and diluted net loss per share | 1,602,402 | 1,678,326 |
| Adjustment: assumed conversion of convertible preferred stock | 4,689,753 | 4,689,753 |
| Pro forma weighted-average number of shares outstanding – basic and diluted | 6,292,155 | 6,368,079 |
| **Pro forma net loss per common share – basic and diluted** | **$ (1.01)** | **$ (0.25)** |

The following shares were excluded in the calculation of pro forma weighted average number of shares outstanding as the effect would have been anti-dilutive:

| | December 31, 2016 | March 31, 2017 |
|---|---|---|
| Options to purchase common stock | 1,130,141 | 1,308,248 |
| Warrants to purchase Series B-1 convertible preferred stock | 680,027 | 756,731 |

**Note 11. Convertible Preferred Stock Warrants**

The Company has issued warrants at various dates to purchase shares of Series B-1 convertible preferred stock. The fair value of all warrants issued was recorded as a preferred stock warrant liability on the date of issuance and is marked to fair value at each balance sheet date. Any change in the fair value of the warrants is recorded in other expense, net in the consolidated statements of operations.

At December 31, 2015 and 2016, the Company had the following Series B-1 convertible preferred stock warrants issued and outstanding (in thousands, except share and per share data):

| | Number of Underlying Shares | | Fair Value | | | Exercise Price | |
|---|---|---|---|---|---|---|---|
| Warrant Class | 2015 | 2016 | 2015 | 2016 | Issuance Date | per Share | Expiration Date |
| **Series B-1** | 25,568 | 25,568 | $ 142 | $ 303 | June 2012 | $ 5.8667 | June 2022 |
| **Series B-1** | 167,428 | 167,428 | $ 124 | $ 263 | July 2012 | $ 5.8667 | July 2019 |
| **Series B-1** | 145,801 | 145,801 | $ 22 | $ 46 | August 2012 | $ 5.8667 | August 2019 |
| **Series B-1** | 10,517 | 10,517 | $ 9 | $ 19 | November 2012 | $ 5.8667 | November 2022 |
| **Series B-1** | 156,851 | 156,851 | $ 907 | $ 929 | February 2014 | $ 0.1700 | February 2021 |
| **Series B-1** | 173,862 | 173,862 | $ 147 | $ 315 | September 2015 | $ 5.8667 | September 2025 |
| **Total** | 680,027 | 680,027 | $ 1,351 | $ 1,875 | | | |

At March 31, 2017, the Company had the following Series B-1 convertible preferred stock warrants issued and outstanding (in thousands, except share and per share data) (unaudited):

| Warrant Class | Shares | Number Underlying Fair Value | Issuance Date | Price per Share | Expiration Date |
|---|---|---|---|---|---|
| **Series B-1** | 25,568 | $ 303 | June 2012 | $ 5.8667 | June 2022 |
| **Series B-1** | 167,428 | $ 263 | July 2012 | $ 5.8667 | July 2019 |
| **Series B-1** | 145,801 | $ 46 | August 2012 | $ 5.8667 | August 2019 |
| **Series B-1** | 10,517 | $ 19 | November 2012 | $ 5.8667 | November 2022 |
| **Series B-1** | 156,851 | $ 929 | February 2014 | $ 0.1700 | February 2021 |
| **Series B-1** | 173,862 | $ 315 | September 2015 | $ 5.8667 | September 2025 |
| **Series B-1** | 76,704 | $ 111 | March 2017 | $ 5.8667 | September 2025 |
| **Total** | 756,731 | $ 1,986 | | | |

In September 2015, in connection with the 2015 Agreement, the Company issued warrants to purchase 173,862 shares of Series B-1 convertible preferred stock. The Company determined the fair value of the warrants on the date of issuance to be $147,000. The warrants were immediately exercisable.

In March 28, 2017, in connection with the amendment of the 2015 Term Note (see Note 7 for details regarding the amendment of the 2015 Term Note), the Company issued a warrant to purchase

76,704 shares of Series B-1 preferred stock at an exercise price of $5.8667 per share provided, however, that if the Company completes a Qualified Public Offering prior to September 30, 2017 in which it raises at least $25.0 million in net proceeds (after deducting underwriting discounts but before transaction expenses), the number of shares underlying this warrant will be reduced to 61,363 shares. The Company determined the fair value of the warrants on the date of issuance to be $110,791. The warrants were immediately exercisable.

**Note 12. Equity Incentive Plan**

In February 2005, the Company adopted the 2005 Stock Plan, as amended in January 2010 and November 2012 (the "2005 Plan"). Under the 2005 Plan provisions, the Company may grant incentive stock options ("ISOs"), non-statutory options ("NSOs"), stock appreciation rights, restricted stock units, and shares of restricted stock. At December 31, 2016 and March 31, 2017, 1,520,305 shares and 1,514,130 shares, respectively, of the Company's common stock have been reserved for future issuance under the 2005 Plan.

In March 2017, the Company granted options to purchase 195,108 shares of the Company's common stock under the 2005 Plan at an exercise price of $3.06 per share.

ISOs may only be granted to Company employees and may only be granted with an exercise price not less than the fair value of the common stock, or not less than 110% of fair value when the grant is issued to a person who, at the time of grant, owns stock representing more than 10% of the voting power of all classes of stock. Non-statutory stock options may be granted to Company employees, directors and consultants, and may be granted at a price per share not less than fair value on the date of the grant. The Board determines the fair value of the Company's common stock.

Options granted under the 2005 Plan generally vest over four years and expire no later than 10 years from the grant date. The 2005 Plan grants the Board discretion to determine when the options granted will become exercisable. The 2005 Plan allows for the exercise of unvested options with repurchase rights over the restricted common stock issued. The Company records proceeds from early exercises as a liability and reclassifies the amount to equity as the repurchase right lapses. At December 31, 2015 and 2016, and March 31, 2017 there were no unvested options resulting from early exercises.

Aggregate intrinsic value represents the difference between the Company's estimated fair value of its common stock and the exercise price of outstanding "in-the-money" options. The aggregate intrinsic value of options exercised was $7,000 and $23,000 during the years ended December 31, 2015 and 2016, respectively, and $3,000 and $14,000 for the three months ended March 31, 2016 and 2017, respectively. Based on the fair market value of the Company's common stock at December 31, 2015 and 2016 and at March 31, 2017 the total intrinsic value of all outstanding options was $0.1 million, $2.5 million and $2.5 million, respectively.

At December 31, 2016 and March 31, 2017, total unrecognized stock-based compensation cost related to unvested stock options was $0.2 million, and $0.5 million, respectively, which will be recognized ratably over a weighted-average period of 3.2 years and 3.6 years, respectively.

Cash received from the exercise of stock options during the years ended December 31, 2015 and 2016 was $31,000 and $25,000, respectively, and $12,000 and $5,000 during the three months ended March 31, 2016 and 2017, respectively.

No income tax benefits from stock-based compensation arrangements have been recognized in the consolidated statements of operations.

The fair value of stock option grants is set forth below and was determined using the Black-Scholes option pricing model with the following assumptions:

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| Fair value of common stock | $0.85 | $0.85 - $3.06 | $0.85 | $3.06 |
| Expected term (in years) | 2 - 10 | 2 - 10 | 2 - 10 | 5 - 6 |
| Risk-free interest rate | 0.75% - 2.10% | 0.75% - 1.77% | 0.75% - 1.45% | 1.29% - 2.29% |
| Expected volatility | 55% | 55% | 55% | 55% |
| Expected dividend yield | —% | —% | —% | —% |

Total stock-based compensation expense recorded in the consolidated statements of operations was allocated as follows (in thousands):

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| Cost of revenue | $ 13 | $ 11 | $ 3 | $ 2 |
| Sales and marketing | 13 | 7 | 2 | 5 |
| Research and development | 32 | 18 | 4 | 7 |
| General and administrative | 79 | 47 | 8 | 9 |
| Total | $ 137 | $ 83 | $ 17 | 23 |

Stock-based compensation expense is recognized over the award's expected vesting schedule, adjusted for estimated forfeitures. The Company applied a 0% forfeiture rate for the stock options granted during the years ended December 31, 2015 and 2016, and the three months ended March 31, 2016 and 2017. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on analysis of the Company's actual forfeiture experience, employee turnover and other factors.

A summary of activities under the 2005 Plan is shown as follows:

| | Options Available for Grant | Number of Shares Outstanding | Weighted Average Exercise Price |
|---|---|---|---|
| Outstanding at December 31, 2014 | 682,315 | 916,584 | $ 0.89 |
| Granted (weighted-average grant date fair value of $0.46 per share) | (112,068) | 112,068 | $ 0.85 |
| Exercised | | (45,199) | $ 0.70 |
| Canceled | 45,203 | (45,203) | $ 0.80 |
| Outstanding at December 31, 2015 | 615,450 | 938,250 | $ 0.90 |
| Granted (weighted-average grant date fair value of $0.66 per share) | (272,769) | 272,769 | $ 1.27 |
| Exercised | | (33,395) | $ 0.75 |
| Canceled | 47,483 | (47,483) | $ 4.14 |
| Outstanding at December 31, 2016 | 390,164 | 1,130,141 | $ 0.86 |
| Granted (weighted-average grant date fair value of $1.65 per share) (unaudited) | (195,108) | 195,108 | $ 3.06 |
| Exercised (unaudited) | | (6,175) | $ 0.85 |
| Canceled (unaudited) | 10,826 | (10,826) | $ 1.04 |
| Outstanding at March 31, 2017 (unaudited) | 205,882 | 1,308,248 | $ 1.18 |

Stock options outstanding, exercisable and vested were as follows:

| Outstanding at December 31, 2015 | Weighted-average Remaining Contractual Life (years) | Exercisable and Vested as of December 31, 2015 | Weighted-average Remaining Contractual Life (years) | Weighted Average Exercise Price |
|---|---|---|---|---|
| 938,250 | 6.31 | 731,516 | 5.79 | $ 0.94 |

| Outstanding at December 31, 2016 | Weighted-average Remaining Contractual Life (years) | Exercisable and Vested as of December 31, 2016 | Weighted-average Remaining Contractual Life (years) | Weighted Average Exercise Price |
|---|---|---|---|---|
| 1,130,141 | 6.29 | 842,261 | 5.32 | $ 0.74 |

| Outstanding at March 31, 2017 (unaudited) | Weighted-average Remaining Contractual Life (years) (unaudited) | Exercisable and Vested as of March 31, 2017 (unaudited) | Weighted-average Remaining Contractual Life (years) (unaudited) | Weighted Average Exercise Price (unaudited) |
|---|---|---|---|---|
| 1,308,248 | 6.61 | 867,743 | 5.21 | $ 0.77 |

Unvested stock options were as follows:

| | Unvested | |
|---|---|---|
| | Options Outstanding | Weighted Average Exercise Price |
| Outstanding at December 31, 2015 | 206,734 | $ 0.77 |
| Outstanding at December 31, 2016 | 287,880 | $ 1.20 |
| Outstanding at March 31, 2017 (unaudited) | 440,505 | $ 2.01 |

**Note 13. Benefit Plan**

The Company sponsors a 401(k) plan to provide defined contribution retirement benefits for all eligible employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company is allowed to make 401(k) matching contributions as defined in the plan and as approved by the Board. The Company did not make any contributions to the plan during the years ended December 31, 2015 and 2016, and the three months ended March 31, 2016 and 2017.

**Note 14. Commitments and Contingencies**

*Operating Lease*

The Company leases its principal executive offices in Newark, California, under a non-cancelable operating lease which expires in 2021. The Company recognizes rent expense on a straight-line basis over the expected lease term. The difference between cash payments required and rent expense is recorded as deferred rent. Rent expense for the Company's facilities was $0.3 million for each of the years ended December 31, 2015 and 2016, and $61,000 and $91,000 for the three months ended March 31, 2016 and 2017, respectively.

The following is a schedule of future minimum lease payments under the non-cancelable operating lease at December 31, 2016 (in thousands):

| Year Ended December 31, | |
|---|---|
| 2017 | $ 266 |
| 2018 | 336 |
| 2019 | 346 |
| 2020 | 357 |
| 2021 | 305 |
| Total | $ 1,610 |

The following is a schedule of future minimum lease payments under the non-cancelable operating lease at March 31, 2017 (in thousands) (unaudited):

| Three Months Ended March 31, | |
|---|---|
| 2017 (remainder of year) | $ 203 |
| 2018 | 336 |
| 2019 | 346 |
| 2020 | 357 |
| 2021 | 305 |
| Total | $ 1,547 |

*Contingencies*

In the normal course of business, the Company may receive inquiries or become involved in legal disputes regarding various litigation matters. In the opinion of management, any potential liabilities resulting from such claims would not have a material adverse effect on the Company's financial position or results of operations.

**Note 15. Subsequent Events**

For the audited consolidated financial statements, management evaluated subsequent events through March 29, 2017, which is the date these consolidated financial statements were available to be issued.

**Note 16. Subsequent Events—Unaudited**

For the interim consolidated financial statements, management evaluated subsequent events through May 2, 2017 which is the date these consolidated financial statements were available to be issued.

In April 18, 2017, the Company granted options to purchase 6,975 shares of the Company's common stock under the 2005 Plan at an exercise price of $3.06 per share. The Company does not expect any material impact to the consolidated financial statements from the grants.

Table of Contents

**Shares**


**Common Stock**

**Prospectus**

*Sole Book-Running Manager*

**Roth Capital Partners**

*Co-Lead Manager*

**Northland Capital Markets**

*Co-Manager*

**Imperial Capital**

Through and including , 2017 (25 days after the date of this prospectus), all dealers that effect transactions in our common stock, 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.

## PART II
## INFORMATION NOT REQUIRED IN PROSPECTUS

### Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable in connection with the sale and distribution of the securities being registered. All amounts are estimated except the SEC registration fee, the FINRA filing fee and the NASDAQ Stock Market listing fee. Except as otherwise noted, all the expenses below will be paid by us.

| | |
|---|---|
| SEC registration fee | $ 3,999 |
| FINRA filing fee | $ 5,675 |
| NASDAQ initial listing fee | $ 5,000 |
| Legal fees and expenses | * |
| Accounting fees and expenses | * |
| Printing and engraving expenses | * |
| Transfer agent and registrar fees and expenses | * |
| Blue sky fees and expenses | * |
| Miscellaneous fees and expenses | * |
| **Total** | $ * |

* To be filed by amendment

### Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation to be in effect prior to the completion of this offering provides for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws to be in effect prior to the completion of this offering provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was our director, officer, employee or agent, provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, our best interest. At present, there is no pending litigation or proceeding involving any of our directors or officers regarding which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Exchange Act that might be incurred by any director or officer in his capacity as such.

The underwriters are obligated, under certain circumstances, pursuant to the underwriting agreement to be filed as Exhibit 1.1 hereto, to indemnify us, our officers and our directors against liabilities under the Securities Act.

**Item 15. Recent Sales of Unregistered Securities**

The following sets forth information regarding all unregistered securities sold since January 1, 2014:

(a) From January 1, 2014 to date, we granted stock options to purchase an aggregate of 647,569 shares of common stock to employees, consultants and directors pursuant to our 2005 Equity Incentive Plan having exercise prices ranging from $0.85 to $3.06 per share.

(b) From January 1, 2014 to date, we have issued and sold to our employees an aggregate of 106,046 shares of common stock upon the exercise of options under our 2005 Equity Incentive Plan at exercise prices ranging from $0.68 to $0.85 per share, for an aggregate amount of approximately $76,000.

(c) In February 2014, we issued 957,339 shares of Series B-1 preferred stock to existing investors for aggregate proceeds of approximately $5.6 million, plus an additional 440,093 shares of Series B-1 preferred stock for cancellation of existing indebtedness totaling approximately $2.0 million. We also sold warrants to purchase 156,851 shares of our Series B-1 preferred stock at an weighted-average exercise price of $0.17 per share to certain purchasers of Series B-1 preferred stock.

(d) In June and July 2015, we issued 340,906 shares of Series B-1 preferred stock to existing investors and a new investor for aggregate proceeds of approximately $2.0 million.

(e) In connection with the Orix Loan Agreement, we issued warrants to Orix Growth Capital, LLC to purchase 173,862 shares of Series B-1 preferred stock in September 2015 and 76,704 shares of Series B-1 preferred stock in March 2017.

The offers, sales and issuances of the securities described in Item 15(a) and (b) were deemed to be exempt from registration under the Securities Act under either (1) Rule 701 promulgated under the Securities Act as offers and sale of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701 or (2) Section 4(a)(2) of the Securities Act as transactions by an issuer not involving any public offering. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the stock certificates and instruments issued in such transactions. All recipients had adequate access, through their relationships with us, to information about us.

The offer and issuance of the securities described in Item 15(c) and (d) were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act promulgated thereunder as a transaction by an issuer not involving a public offering. The recipients of the securities in the transaction acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions.

**Item 16. Exhibits and Financial Statement Schedules**

(a) Exhibits.

| Exhibit No. | Description of Exhibit |
|---|---|
| 1.1# | Form of Underwriting Agreement. |
| 3.1* | Amended and Restated Certificate of Incorporation of ShotSpotter, Inc., as currently in effect. |
| 3.2* | Form of Amended and Restated Certificate of Incorporation of ShotSpotter, Inc., to be effective upon the completion of this offering. |
| 3.3* | Amended and Restated Bylaws of ShotSpotter, Inc., as currently in effect. |
| 3.4* | Form of Amended and Restated Bylaws of ShotSpotter, Inc., to be effective upon the completion of this offering. |
| 4.1# | Form of Common Stock Certificate. |
| 4.2* | Investors' Rights Agreement, by and among ShotSpotter, Inc. and the investors listed on Exhibit A thereto, dated July 12, 2012. |
| 4.3* | Form of Warrant to purchase shares of Series B-1 Preferred Stock issued to certain stockholders in connection with the sale of Series B-1 Preferred Stock in July and August 2012. |
| 4.4* | Form of Warrant to purchase shares of Series B-1 Preferred Stock issued to Motorola Solutions, Inc. in connection with the sale of Series B-1 Preferred Stock in August 2012. |
| 4.5* | Form of Warrant to purchase shares of Series B-1 Preferred Stock issued to Silicon Valley Bank in connection with the sale of Series B-1 Preferred Stock in November 2012. |
| 4.6* | Form of Warrant to purchase shares of Series B-1 Preferred Stock issued to certain stockholders in connection with the sale of Series B-1 Preferred Stock in February 2014. |
| 4.7* | Warrant to purchase shares of Series B-1 Preferred Stock issued in connection with the Loan and Security Agreement in September 2015. |
| 4.8* | Warrant to purchase shares of Series B-1 Preferred Stock issued in connection with the Second Amendment to the Loan and Security Agreement in March 2017. |
| 5.1# | Form of Opinion of Cooley LLP. |
| 10.1* | ShotSpotter, Inc. Amended and Restated 2005 Stock Plan. |
| 10.2* | Forms of Option Agreement and Option Grant Notice under the Amended and Restated 2005 Stock Plan. |
| 10.3# | ShotSpotter, Inc. 2017 Equity Incentive Plan, to be effective upon the completion of this offering. |
| 10.4# | Forms of Option Agreement and Option Grant Notice under the 2017 Equity Incentive Plan. |
| 10.5# | Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Restricted Terms and Conditions under the 2017 Equity Incentive Plan. |
| 10.6# | ShotSpotter, Inc. 2017 Employee Stock Purchase Plan, to be effective upon the completion of this offering. |

| Exhibit No. | Description of Exhibit |
|---|---|
| 10.7* | Form of Indemnification Agreement by and between ShotSpotter, Inc. and each of its directors and executive officers. |
| 10.8* | Offer Letter between ShotSpotter, Inc. and Ralph A. Clark dated March 13, 2017. |
| 10.9* | Offer Letter between ShotSpotter, Inc. and Alan R. Stewart dated March 13, 2017. |
| 10.10* | Offer Letter between ShotSpotter, Inc. and Joseph O. Hawkins dated March 13, 2017. |
| 10.11* | Offer Letter between ShotSpotter, Inc. and Paul S. Ames dated March 13, 2017. |
| 10.12* | Offer Letter between ShotSpotter, Inc. and Gary T. Bunyard dated March 13, 2017. |
| 10.13* | Independent Contractor Services Agreement between ShotSpotter, Inc. and Marc Morial, dated September 16, 2015. |
| 10.14* | Lease Agreement between BMR-Pacific Research Center LP and ShotSpotter, Inc., dated August 14, 2012. |
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| 10.16* | Second Amendment to Lease Agreement between BMR-Pacific Research Center LP and ShotSpotter, Inc., dated December 15, 2016. |
| 10.17* | Loan and Security Agreement, as amended, between Orix Growth Capital, LLC and ShotSpotter, Inc., dated September 25, 2015. |
| 21.1* | List of subsidiaries. |
| 23.1* | Consent of Baker Tilly Virchow Krause, LLP. |
| 23.2# | Consent of Cooley LLP (included in Exhibit 5.1). |
| 24.1* | Power of Attorney (see page II-6 to this registration statement). |

* Filed herewith
\# To be filed by amendment.

(b) Financial statement schedules.

No financial statement schedules are provided because the information called for is not required or is shown in the consolidated financial statements or related notes.

**Item 17. Undertakings**

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to

a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of California, on the 2nd day of May, 2017.

**SHOTSPOTTER, INC.**

By: /s/ RALPH A. CLARK

Ralph A. Clark
*President and Chief Executive Officer*

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose individual signature appears below hereby authorizes and appoints Ralph A. Clark and Alan R. Stewart, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his true and lawful attorney-in-fact and agent to act in his name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ RALPH A. CLARK<br>Ralph A. Clark | President and Chief Executive Officer and Director of the Board (principal executive officer) | May 2, 2017 |
| /s/ ALAN R. STEWART<br>Alan R. Stewart | Chief Financial Officer (principal financial and accounting officer) | May 2, 2017 |
| /s/ PASCAL LEVENSOHN<br>Pascal Levensohn | Director | May 2, 2017 |
| /s/ THOMAS T. GROOS<br>Thomas T. Groos | Director | May 2, 2017 |

| Signature | Title | Date |
|---|---|---|
| /s/ RANDALL HAWKS, JR.<br>Randall Hawks, Jr. | Director | May 2, 2017 |
| /s/ GARY M. LAUDER<br>Gary M. Lauder | Director | May 2, 2017 |
| /s/ MARC MORIAL<br>Marc Morial | Director | May 2, 2017 |

## EXHIBIT INDEX

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| 10.17* | Loan and Security Agreement, as amended, between Orix Growth Capital, LLC and ShotSpotter, Inc., dated September 25, 2015. |
| 21.1* | List of subsidiaries. |
| 23.1* | Consent of Baker Tilly Virchow Krause, LLP. |
| 23.2# | Consent of Cooley LLP (included in Exhibit 5.1). |
| 24.1* | Power of Attorney (see page II-6 to this registration statement). |

* Filed herewith
\# To be filed by amendment.

**Exhibit 3.1**

**AMENDED AND RESTATED**
**CERTIFICATE OF INCORPORATION**
**OF SHOTSPOTTER, INC.**

ShotSpotter, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is ShotSpotter, Inc.

2. The date of filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was June 30, 2004. The corporation was originally incorporated under the name of Delaware ShotSpotter, Inc.

3. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Amended and Restated Certificate of Incorporation restates and integrates and further amends the certificate of incorporation of the corporation as herein set forth in full:

**ARTICLE I**

The name of the corporation (hereinafter, the "Corporation") is ShotSpotter, Inc.

**ARTICLE II**

The address of the registered office of the Corporation in the State of Delaware is Incorporating Services, Ltd., 3500 South DuPont Highway, in the City of Dover, County of Kent, 19901. The name of the registered agent at that address is Incorporating Services, Ltd.

**ARTICLE III**

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

**ARTICLE IV**

A. Classes of Stock. The Corporation is authorized to issue two classes of stock, to be designated, respectively, "Common Stock" and "Preferred Stock", each with a par value of $0.005 per share. The total number of shares of stock that the Corporation is authorized to issue is 14,550,000. 8,600,000 shares shall be Common Stock. 5,950,000 shares shall be Preferred Stock, of which 1,177,000 shares shall be designated as Series A-2 Preferred Stock (the "Series A-2 Preferred Stock") and 4,773,000 shall be designated as Series B-1 Preferred Stock (the "Series B-1 Preferred Stock"). "Voting Preferred Stock" shall mean all Preferred Stock other than the Series A-2 Preferred Stock. The following is a statement of the designations and the rights, powers and preferences, and the qualifications, limitations or restrictions thereof, in respect of each class of capital stock of this corporation.

---

B. Rights, Preferences and Restrictions of the Preferred Stock. The rights, preferences, privileges granted to, and restrictions imposed on, the Preferred Stock are as set forth below in this Article IV.B.

1. Dividend Provisions. The holders of the Series B-1 Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of the Corporation) on any other stock of the Corporation, at the annual rate of 8% of the Original Series B-1 Issue Price (as defined below) (the "Preferred Dividends"). Such dividends will not be cumulative. Notwithstanding the other provisions of this Amended and Restated Certificate of Incorporation, no dividend may be declared by the Board of Directors of the Corporation in connection with or in contemplation of a Liquidation Event (as defined below) other than the Preferred Dividends. The Series A-2 Preferred Stock shall not be entitled to receive dividends. After payment of such dividends, any additional dividends or distributions shall be distributed among all holders of Common Stock and Voting Preferred Stock in proportion to the number of shares of Common Stock that would be held by each such holder if all shares of Voting Preferred Stock were converted to Common Stock at the then effective Conversion Rate.

2. Liquidation Preference.

(a) In the event of a Liquidation Event (as defined below), either voluntary or involuntary, the holders of Series B-1 Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Corporation to the holders of Series A-2 Preferred Stock and Common Stock by reason of their ownership thereof, an amount per share equal to the sum of (i) $5.8667 for each outstanding share of Series B-1 Preferred Stock (as adjusted for any stock splits, stock dividends, recapitalizations or the like) (the "Original Series B-1 Issue Price") and (ii) an amount equal to any declared but unpaid dividends on such shares ((i) and (ii) together, the "Series B-1 Liquidation Preference"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of Series B-1 Preferred Stock shall be insufficient to permit the payment to such holders of the full Series B-1 Liquidation Preference, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of Series B-1 Preferred Stock.

(b) Upon completion of the distribution required by subsection 2(a), in the event of a Liquidation Event, either voluntary or involuntary, the holders of Series A-2 Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the remaining assets of the Corporation to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the sum of $17.00 for each outstanding share of Series A-2 Preferred Stock (as adjusted for any stock splits, stock dividends, recapitalizations or the like) (the "Series A-2 Liquidation Preference"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of Series A-2 Preferred Stock shall be insufficient to permit the payment to such holders of the full Series A-2 Liquidation Preference, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of Series A-2 Preferred Stock.



(c) Upon completion of the distribution required by subsections 2(a) and 2(b), the holders of the Voting Preferred Stock and Common Stock of the Corporation shall receive all of the remaining assets of the Corporation pro rata based on the number of shares of Common Stock held by each (assuming conversion of all such shares of Voting Preferred Stock).

(d) For purposes of this Article IV, a "Liquidation Event" shall include (A) the closing of the sale, transfer or other disposition of all or substantially all of the Corporation's assets, (B) the consummation of the merger or consolidation of the Corporation with or into another entity (except a merger or consolidation in which the holders of capital stock of the Corporation immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Corporation or the surviving or acquiring entity), (C) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of the Corporation's securities), of the Corporation's securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of the Corporation (each of (A), (B), and (C), a "Deemed Liquidation Event") or (D) a liquidation, dissolution or winding up of the Corporation; provided, however, that a transaction shall not constitute a Liquidation Event if its sole purpose is to change the state of the Corporation's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Corporation's securities immediately prior to such transaction. Notwithstanding the prior sentence, the sale of shares of Preferred Stock in a bona fide financing transaction shall not be deemed a "Liquidation Event." The treatment of any particular transaction or series of related transactions as a Liquidation Event may be waived by the vote or written consent of the holders of a majority of the outstanding Voting Preferred Stock (voting on an as-converted basis).

(e) In any of such events, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value, as determined in good faith by the Board of Directors of the Corporation; provided that any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by (ii) below:

(A) If traded on a securities exchange or through the NASDAQ Stock Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the 30-day period ending three days prior to the closing of the applicable transaction; and

(B) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the 30-day period ending three days prior to the closing of the applicable transaction; and

(C) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors of the Corporation and the holders of at least a majority of the voting power of all then outstanding shares of Voting Preferred Stock (voting on an as-converted basis).



(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (i)(A), (B) or (C) to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors of the Corporation.

(iii) The foregoing methods for valuing non-cash consideration to be distributed in connection with a Liquidation Event may be superseded by any determination of such value set forth in the definitive agreements governing such Liquidation Event.

(f) In the event the requirements of subsections 2(e) or 2(g) are not complied with, the Corporation shall forthwith either:

(i) cause such closing to be postponed until such time as the requirements of this Section 2 have been complied with; or

(ii) cancel such transaction, in which event the rights, preferences and privileges of the holders

of the Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 2(g) hereof.

(g) The Corporation shall give each holder of record of Preferred Stock written notice of such impending transaction not later than 20 days prior to the stockholders' meeting called to approve such transaction, or 20 days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 2, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than 20 days after the Corporation has given the first notice provided for herein or sooner than 10 days after the Corporation has given notice of any material changes provided for herein. Notwithstanding the other provisions of this Amended and Restated Certificate of Incorporation, all notice periods or requirements in this Amended and Restated Certificate of Incorporation may be shortened or waived, either before or after the action for which notice is required, upon the written consent of the holders of at least a majority of the voting power of the outstanding shares of Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis) that are entitled to such notice rights.

3. Redemption. The Preferred Stock is not redeemable.

4. Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Voting Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Liquidation Preference applicable to such series of Voting Preferred Stock by the Conversion Price applicable to such series of Voting Preferred Stock (such quotient herein referred to as the



"Conversion Rate"), determined as hereafter provided, in effect on the date the certificate is surrendered for conversion. The initial Conversion Price per share for the Series B-1 Preferred Stock shall be the Original Series B-1 Issue Price; provided, however, that the Conversion Price shall be subject to adjustment as set forth in this Section 4.

(b) Automatic Conversion.

(i) Each share of Voting Preferred Stock shall automatically be converted into shares of Common Stock at the Conversion Rate at the time in effect immediately upon the earlier of (A) the Corporation's sale of its Common Stock in a firm commitment underwritten public offering pursuant to a registration statement on Form S-1 or Form SB-2 under the Securities Act of 1933, as amended (a "Qualified Public Offering") or (B) the date specified by written consent or agreement of the holders of a majority of the then-outstanding shares of Voting Preferred Stock (voting on an as-converted basis).

(ii) Upon a Qualified Public Offering, each outstanding share of Series A-2 Preferred Stock shall automatically be converted into 0.715548 shares of Common Stock (as adjusted for any stock splits, stock dividends, recapitalizations or the like).

(c) Mechanics of Conversion. Before any holder of Voting Preferred Stock shall be entitled to voluntarily convert the same into shares of Common Stock, he or she shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Voting Preferred Stock, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Voting Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Voting Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering Voting Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Common Stock upon conversion of the Voting Preferred Stock shall not be deemed to have converted such Voting Preferred Stock until immediately prior to the closing of such sale of securities. If the conversion is in connection with automatic conversion provisions of subsection 4(b)(i)(B) above, such conversion shall be deemed to have been made on the conversion date described in the stockholder consent approving such conversion, and the persons entitled to receive shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holders of such shares of Common Stock as of such date.



(d) Conversion Price Adjustments for Certain Dilutive Issuances, Splits and Combinations. The Conversion Price shall be subject to adjustment from time to time as follows:

(i) (A) If the Corporation shall issue, on or after the date that this Amended and Restated Certificate of Incorporation is submitted for filing with the Delaware Secretary of State (the "Filing Date"), any Additional Stock (as defined below) without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to the issuance of such Additional Stock, the Conversion Price in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted to a price determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding (as defined below) immediately prior to such issuance plus the number of shares of Common Stock that the aggregate consideration received by the Corporation for such issuance would purchase at such Conversion Price; and the denominator of which shall be the number of shares of Common Stock Outstanding (as defined below) immediately prior to such issuance plus the number of shares of such Additional Stock. For purposes of this Amended and Restated Certificate of Incorporation, the term "Common Stock Outstanding" shall mean and include the following: (1) outstanding Common Stock, (2) Common Stock issuable upon conversion of outstanding Preferred Stock, (3) Common Stock issuable upon exercise of outstanding stock options and (4) Common Stock issuable upon exercise (and, in the case of warrants to purchase Preferred Stock, conversion) of outstanding warrants. Shares described in (1) through (4) above shall be included whether vested or unvested, whether contingent or non-contingent and whether exercisable or not yet exercisable.

(B) No adjustment of the Conversion Price shall be made in an amount less than $0.001 per share, provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for in subsections (E)(3) and (E)(4), no adjustment of the Conversion Price pursuant to this subsection 4(d)(i) shall have the effect of increasing such Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of the Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined in good faith by the Board of Directors irrespective of any accounting treatment.

(E) In the case of the issuance of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable



for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for purposes of determining the number of shares of Additional Stock issued and the consideration paid therefor:

(1) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 4(d)(i)(C) and 4(d)(i)(D)), if any, received by the Corporation upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights (without taking into account potential antidilution adjustments) for the Common Stock covered thereby.

(2) The aggregate maximum number of shares of Common Stock deliverable upon conversion of, or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for, any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by the Corporation upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 4(d)(i)(C) and 4(d)(i)(D)).

(3) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions hereof, the Conversion Price, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange

of such securities or upon the exercise of the options or rights related to such securities.



(5) The number of shares of Common Stock deemed issued and the consideration deemed paid therefor pursuant to subsections 4(d)(i)(E)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either subsection 4(d)(i)(E)(3) or (4).

(ii) "Additional Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) by the Corporation on or after the Filing Date other than:

(A) Common Stock issued upon conversion of the Preferred Stock;

(B) Common Stock issued or issuable pursuant to any real estate transaction, equipment lease financing or commercial lending arrangement, provided such transaction is entered into for primarily non-equity financing purposes and is approved by the Board of Directors;

(C) Common Stock issued to employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their services pursuant to plans or agreements approved by the Board of Directors;

(D) Common Stock issued pursuant to the conversion or exercise of convertible or exercisable securities outstanding immediately following Filing Date or pursuant to warrants to purchase shares of Common Stock;

(E) Common Stock issued in connection with a bona fide business acquisition of or by the Corporation, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, which transaction is unanimously approved by the Board of Directors;

(F) Common Stock issued pursuant to a Qualified Public Offering;

(G) Common Stock issued pursuant to strategic transactions, provided such issuances are for primarily non-equity financing purposes and provided that such strategic transactions are approved by at least two-thirds of the members of the Corporation's Board of Directors;

(H) Common Stock issued pursuant to a transaction described in subsection 4(d)(iii) hereof;

(I) Common Stock issued or deemed issued pursuant to subsection 4(d)(i)(E) as a result of a decrease in the Conversion Price resulting from the operation of Sections 4(d)(i) or 4(f); or

(J) Common Stock issued or issuable pursuant to a transaction wherein the holders of a majority of the Voting Preferred Stock, voting on an



as-converted to Common Stock basis, agree in writing that such Common Stock shall not cause a conversion price adjustment.

(iii) In the event the Corporation should at any time or from time to time after the Filing Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price shall be appropriately 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 of the aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents with the number of shares issuable with respect to Common Stock Equivalents determined from time to time in the manner provided for deemed issuances in subsection 4(d)(i)(E).

(iv) If the number of shares of Common Stock outstanding at any time after the Filing Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(e) Other Distributions. In the event the Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or option or rights not referred to in subsection 4(d)(iii), then, in each such case for the purpose of this subsection 4(e), the holders of the Voting Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of

Common Stock of the Corporation into which their shares of Voting Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

(f) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock and other than a Liquidation Event or a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 4, provision shall be made so that the holders of the Voting Preferred Stock shall thereafter be entitled to receive upon conversion of the Voting Preferred Stock the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Voting Preferred Stock after the recapitalization to the end that the provisions of this Section 4 (including adjustment of the



Conversion Price then in effect and the number of shares purchasable upon conversion of the Voting Preferred Stock) shall be applicable after that event as nearly equivalently as may be practicable.

(g) No Fractional Shares and Certificates as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Preferred Stock and the aggregate number of shares of Common Stock to be issued to particular stockholders, shall be rounded down to the nearest whole share and the corporation shall pay in cash the fair market value of any fractional shares as of the time when entitlement to receive such fractions is determined. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of each series of Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of any Voting Preferred Stock pursuant to this Section 4, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Voting Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This corporation shall, upon the written request at any time of any holder of Voting Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price at the time in effect and (C) the number of shares of Common Stock and the amount, if any, of other property that at the time would be received upon the conversion of a share of Voting Preferred Stock.

(h) Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, the Corporation shall mail to each holder of Voting Preferred Stock, at least ten days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution, and the amount and character of such dividend or distribution.

(i) Reservation of Stock Issuable Upon Conversion. This Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, in addition to such other remedies as shall be available to the holder of Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized by 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 Amended and Restated Certificate of Incorporation.



(j) Notices. Any notice required by the provisions of this Section 4 to be given to the holders of shares of Voting Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

5. Voting Rights.

(a) General. The Series A-2 Preferred Stock shall not be entitled to vote, except as required by law. The holder of each share of Voting Preferred Stock shall have the right to one vote for each share of Common Stock into which such share could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holder of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote, together with holders of Common Stock (and not as a separate class except as specifically provided herein or as otherwise required by law), with respect to any question upon which holders of Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Voting Preferred Stock held by each holder could be converted) shall be rounded down to the nearest whole number.

(b) Election of Directors.

(i) At each election of directors of the Corporation, (i) for so long as at least 588,236 shares of Voting Preferred Stock (as adjusted for any stock splits, stock dividends, recapitalizations or the like) remain outstanding, the holders of Voting Preferred Stock, voting on an as-converted basis, shall be entitled to elect four directors (the "Preferred Directors"); and (ii) the holders of Voting Preferred Stock and Common Stock, voting together as a single class on an as-converted basis, shall be entitled to elect all remaining directors.

(ii) Notwithstanding the provisions of Section 223(a)(1) and 223(a)(2) of the Delaware General Corporation Law, any vacancy, including newly created directorships resulting from any increase in the authorized number of directors or amendment of this Amended and Restated Certificate of Incorporation, and vacancies created by removal or resignation of a director, may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced; provided, however, that where such vacancy occurs among the directors elected by the holders of a class or series of stock, the holders of shares of such class or series may override the Board of Directors' action to fill such vacancy by (i) voting for their own designee to fill such vacancy at a meeting of the Corporation's stockholders or (ii) written consent, if the consenting stockholders hold a sufficient number of shares to elect their designee at a meeting of the stockholders in which all members of such class or series are present and voted. Any director may be removed during his or her term of office without cause, by, and only by, the affirmative vote of the holders of the shares of the class or series of stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders, and any vacancy thereby created may be filled by the holders of that class or series of stock represented at the meeting or pursuant



to written consent. 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 class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director.

(iii) No person entitled to vote at an election for directors may cumulate votes to which such person is entitled unless required by applicable law at the time of such election. During such time or times that applicable law requires cumulative voting, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder desires. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (A) the names of such candidate or candidates have been placed in nomination prior to the voting and (B) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

6. Protective Provisions.

(a) For so long as at least 588,236 shares of Voting Preferred Stock (as adjusted for any stock splits, stock dividends, recapitalizations or the like) remain outstanding, this Corporation shall not (by amendment, merger, consolidation or otherwise) take any of the following actions without first obtaining the approval (by vote or written consent as provided by law) of at least a majority of the then-outstanding shares of the Voting Preferred Stock (voting on an as-converted basis):

(i) liquidate, dissolve, or wind-up the affairs of the Corporation, or effect any merger or consolidation or take any action resulting the consummation of any other Deemed Liquidation Event;

(ii) amend or change the rights, preferences, privileges or powers of, or restrictions provided for the benefit of, the shares of any series of Preferred Stock;

(iii) authorize, create or issue, or obligate itself to issue, any equity security (including any other security convertible into or exercisable for any such equity security) having preferences superior to or on parity with the Series B-1 Preferred Stock with respect to dividends, liquidation, or redemption;

(iv) act to reclassify any outstanding shares of capital stock into equity securities having preference or priority with respect to dividends, liquidation, or redemption over any series of Preferred Stock;

(v) pay any dividends on any class or series of stock other than as set forth in Section 1; or



(vi) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any share or shares of Preferred Stock or Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from employees, officers, directors, consultants or other persons performing services for the Corporation or any subsidiary pursuant to agreements under which the Corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment or service, or pursuant to a right of first refusal, or any other

transaction approved by the Board of Directors of the Corporation, including a majority of the Preferred Directors.

7. Status of Converted Stock. In the event any shares of Preferred Stock shall be converted pursuant to Section 4 hereof, the authorized but unissued shares of Preferred Stock resulting from such conversion shall not be issuable by the Corporation.

8. Consent to Certain Repurchases**.** Each holder of shares of Preferred Stock shall be deemed to have consented, for purposes of any applicable state law, to any distribution made by the Corporation in connection with the repurchase of shares of Common Stock issued to or held by employees, officers, directors, consultants or other service providers (i) pursuant to agreements providing for such repurchase at the original purchase price, (ii) at a purchase price not exceeding the fair market value of such Common Stock or (iii) in connection with the exercise of a contractual right of first refusal entitling the Corporation to purchase the shares upon the terms offered by a third party. A distribution to the Corporation's stockholders may be made without regard to the preferential dividends arrears amount or any preferential rights amount (each as determined under applicable law).

C. Common Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Common Stock are as set forth below in this Article IV.C.

1. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior or senior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the board of directors.

2. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed as provided in Section 2 of Division B of this Article IV.

3. Voting Rights. The holder of each share of Common Stock shall have the right to one vote for each such share, and shall be entitled to notice any stockholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided herein or otherwise provided by law. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of shares of stock of the Corporation representing a majority of the votes represented by all outstanding shares of stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law.



**ARTICLE V**

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation. Election of directors need not be by written ballot, unless the Bylaws so provide.

**ARTICLE VI**

The Board of Directors is authorized to make, adopt, amend, alter or repeal the Bylaws of the Corporation. The stockholders shall also have power to make, adopt, amend, alter or repeal the Bylaws of the Corporation.

**ARTICLE VII**

To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended, 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 Delaware General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article VII 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 Delaware General Corporation Law as so amended. Any repeal or modification of the foregoing provisions of this Article VII 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 occurring prior to, such repeal or modification.

**ARTICLE VIII**

The Corporation reserves the right to amend or repeal any of the provisions contained in this Amended and Restated Certificate of Incorporation in any manner now or hereafter permitted by law, and the rights of the stockholders of the Corporation are granted subject to this reservation.

* * *

4. This Amended and Restated Certificate of Incorporation has been duly adopted by the Board of Directors and stockholders of the Corporation in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

This Amended and Restated Certificate of Incorporation has been executed by the President and Chief Executive Officer of the Corporation on March 28, 2017.

**SHOTSPOTTER, INC.**

By: /s/ Ralph A. Clark
Ralph A. Clark
President and Chief Executive Officer

**Exhibit 3.2**

**AMENDED AND RESTATED**
**CERTIFICATE OF INCORPORATION**
**OF**
**SHOTSPOTTER, INC.**

ShotSpotter, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL") does hereby certify that:

**1.** The name of the corporation is ShotSpotter, Inc.

**2.** The date of filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was June 30, 2004. The corporation was originally incorporated under the name of Delaware ShotSpotter, Inc.

**3.** Pursuant to Sections 242 and 245 of the DGCL, this Amended and Restated Certificate of Incorporation restates and integrates and further amends the certificate of incorporation of the corporation as herein set forth in full:

**ARTICLE I**

The name of the corporation (hereinafter, the "Corporation") is ShotSpotter, Inc.

**ARTICLE II**

The address of the registered office of the Corporation in the State of Delaware is Incorporating Services, Ltd., 3500 South DuPont Highway, in the City of Dover, County of Kent, 19901. The name of the registered agent at that address is Incorporating Services, Ltd.

**ARTICLE III**

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware (the "DGCL").

**ARTICLE IV**

**A.** The Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is five hundred twenty million (520,000,000) shares. Five hundred million (500,000,000) shares shall be Common Stock, each having a par value of $0.005 per share (the "Common Stock") and twenty million (20,000,000) shares shall be Preferred Stock, each having a par value of $0.005 per share (the "Preferred Stock").

**B.** The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation (the "Board of Directors") is hereby expressly authorized to provide for the issue of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL. The Board of Directors is also expressly authorized to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the

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number of shares of such series then outstanding; provided that the aggregate number of authorized shares of Preferred Stock shall not be increased beyond the amount provided in Article IV(A). In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, without a separate vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock.

**C.** 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* that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock) 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 by law or pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock).

**ARTICLE V**

For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

**A. MANAGEMENT OF BUSINESS.**

The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors.

**B. BOARD OF DIRECTORS**

The number of directors which shall constitute the Board of Directors shall be fixed exclusively by resolutions adopted by a majority of the authorized number of directors constituting the Board of Directors.

Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, immediately following the closing of the initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "1933 Act"), covering the offer and sale of Common Stock to the public (the "Initial Public Offering"), the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class I directors shall expire and new Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class II directors shall expire and new Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class III directors shall expire and new Class III directors shall be elected for a full term of three years. At each



succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this section, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

**C. REMOVAL OF DIRECTORS.**

Subject to the rights of any series of Preferred Stock to elect additional directors under specified circumstances, following the closing of the Initial Public Offering, neither the Board of Directors nor any directors may be removed without cause as provided for in Section 141(k) of the DGCL.

Subject to any limitation imposed by law, any individual director or directors may be removed with cause only by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the Corporation entitled to vote generally at an election of directors, voting together as a single class.

**D. VACANCIES.**

Subject to any limitations imposed by applicable law and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders and except as otherwise provided by applicable law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

**E. BYLAW AMENDMENTS.**

The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; *provided* that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 $^{2}/_{3}$% 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.

**F. STOCKHOLDER ACTIONS.**

The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

No action shall be taken by the stockholders of the Corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws, and no action shall be taken by the stockholders by written consent or electronic transmission.

Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

**ARTICLE VI**

**A.** The liability of the directors for monetary damages shall be eliminated to the fullest extent under applicable law.

**B.** 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 applicable law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such directors, officers, agents or other persons, the vote of stockholders or disinterested directors or otherwise in excess of the indemnification and advancement otherwise permitted by such applicable law. If applicable law is amended after approval by the stockholders of this Article VI to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Corporation shall be eliminated or limited to the fullest extent permitted by applicable law as so amended.

**C.** Any repeal or modification of this Article VI shall only be prospective and shall not affect the rights or protections or increase the liability of any director under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

**ARTICLE VII**

**A.** Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall 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 or other employee 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, this Amended and Restated Certificate of Incorporation or the Bylaws; or (iv) 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 to have consented to the provisions of this Article VII.

**B.** 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 1933 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 VII.

**ARTICLE VIII**

**A.** The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B. of this Article VIII, and all rights conferred upon the stockholders herein are granted subject to this reservation.



**B.** Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Corporation required by law or by this Amended and Restated Certificate of Incorporation (or any certificate of designation filed with respect to a series of Preferred Stock), the affirmative vote of the holders of at least 66 $^{2}/_{3}$% 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, shall be required to alter, amend or repeal Articles V, VI, VII and VIII.

* * * *

**4.** This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors and stockholders of the Corporation in accordance with the applicable provisions of Sections 242 and 245 of the DGCL.



This Amended and Restated Certificate of Incorporation has been executed by the President and Chief Executive Officer of the Corporation on May [·], 2017.

**SHOTSPOTTER, INC.**

By: _____

Ralph A. Clark
President and Chief Executive Officer

**Exhibit 3.3**

**AMENDED AND RESTATED BYLAWS OF**
**SHOTSPOTTER, INC.**

**ARTICLE I**
**STOCKHOLDERS**

1.1 Place of Meetings. All meetings of stockholders shall be held at such place within or without the State of Delaware as may be designated from time to time by the Board of Directors or the President and Chief Executive Officer.

1.2 Annual Meeting. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date to be fixed by the Board of Directors at the time and place to be fixed by the Board of Directors and stated in the notice of the meeting.

1.3 Special Meetings. Special meetings of stockholders may be called at any time by the Board of Directors, the Chairman of the Board or the President or the holders of record of not less than 10% of all shares entitled to cast votes at the meeting, for any purpose or purposes prescribed in the notice of the meeting and shall be held at such place, on such date and at such time as the Board may fix. Business transacted at any special meeting of stockholders shall be confined to the purpose or purposes stated in the notice of meeting.

1.4 Notice of Meetings. Written notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or as required by law (meaning here and hereafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation). The notices of all meetings shall state the place, date and hour of the meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation.

1.5 Voting List. The officer who has charge of the stock ledger of the corporation shall prepare, at least 10 days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list 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 10 days prior to the meeting, at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting, and may be inspected by any stockholder who is present. This list shall determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

1.6 Quorum. Except as otherwise provided by law or these Amended and Restated Bylaws, the holders of a majority of the shares of the capital stock of the corporation entitled to



vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date or time.

If a notice of any adjourned special meeting of stockholders is sent to all stockholders entitled to vote thereat, stating that it will be held with those present constituting a quorum, then except as otherwise required by law, those present at such adjourned meeting shall constitute a quorum, and all matters shall be determined by a majority of the votes cast at such meeting.

1.7 Adjournments. Any meeting of stockholders may be adjourned to any other time and to any other place at which a meeting of stockholders may be held under these Amended and Restated Bylaws by the Chairman of the meeting or, in the absence of such person, by any officer entitled to preside at or to act as Secretary of such meeting, or by the holders of a majority of the shares of stock present or represented at the meeting and entitled to vote, although less than a quorum. When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than 30 days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by law or in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders may vote in person or may authorize any other person or persons to vote or act for him by written proxy executed by the stockholder or his authorized agent or by a transmission permitted by law and delivered to the Secretary of the corporation. No stockholder may authorize more than one proxy for his shares. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this Section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire

original writing or transmission.

1.9 Action at Meeting. When a quorum is present at any meeting, any election shall be determined by a plurality of the votes cast by the stockholders entitled to vote at the election, and all other matters shall be determined by a majority of the votes cast affirmatively or negatively on the matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, a majority of each such class present or represented and voting affirmatively or negatively on the matter) shall decide such matter, except when a different vote is required by express provision of law, the Certificate of Incorporation or these Amended and Restated Bylaws.

All voting, including on the election of directors, but excepting where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefor by a stockholder



entitled to vote or his or her proxy, a stock vote shall be taken. Every stock vote shall be taken by ballot, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. Every vote taken by ballot shall be counted by an inspector or inspectors appointed by the chairman of the meeting. The corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one or more persons as an alternate inspector 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 may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his or her ability.

1.10 Stockholder Action Without Meeting. Any action which may be taken at any annual or special meeting of stockholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the actions so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes which would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. All such consents shall be filed with the Secretary of the corporation and shall be maintained in the corporate records. Prompt notice of the taking of a corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

An electronic transmission consenting to an action to be taken and transmitted by a stockholder, or by a proxy holder or other person authorized to act for a stockholder, shall be deemed to be written, signed and dated for the purpose of this Section 1.10, provided that such electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the electronic transmission was transmitted by the stockholder or by a person authorized to act for the stockholder and (ii) the date on which such stockholder or authorized person transmitted such electronic transmission. The date on which such electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by 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 principal place of business or an officer or agent of the corporation having custody of the books in which proceedings of meetings of stockholders are recorded.

1.11 Meetings by Remote Communication. If authorized by the Board of Directors, and subject to such guidelines and procedures as the Board may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication, participate in the meeting and be deemed present in person and vote at the meeting, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings,



and (iii) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

## ARTICLE II
## BOARD OF DIRECTORS

2.1 General Powers. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

2.2 Number and Term of Office. The number of directors shall initially be five (5) and, thereafter, shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption). All directors shall hold office until the expiration of the term for which elected and until their respective successors are elected, except in the case of the death, resignation or removal of any director.

2.3 Vacancies and Newly Created Directorships. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification or other cause (other than removal from office by a vote of the stockholders) may be filled only by a majority vote of the directors then in office, though less than a quorum, or by the sole remaining director, and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

2.4 Resignation. Any director may resign by delivering notice in writing or by electronic transmission to the President, Chairman of the Board or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

2.5 Removal. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any directors, or the entire Board of Directors, may be removed from office at any time, with or without cause, by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class. Vacancies in the Board of Directors resulting from such removal may be filled by a majority of the directors then in office, though less than a quorum, by the sole remaining director, or by the stockholders at the next annual meeting or at a special meeting called in accordance with Section 1.3 above. Directors so chosen shall hold office until the next annual meeting of stockholders.



2.6 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.7 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or two or more directors and may be held at any time and place, within or without the State of Delaware.

2.8 Notice of Special Meetings. Notice of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director by (i) giving notice to such director in person or by telephone, electronic transmission or voice message system at least 24 hours in advance of the meeting, (ii) sending a facsimile, or delivering written notice by hand, to his last known business or home address at least 24 hours in advance of the meeting, or (iii) mailing written notice to his last known business or home address at least three days in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

2.9 Participation in Meetings by Telephone Conference Calls or Other Methods of Communication. Directors or any members of any committee designated by the directors may participate in a meeting of the Board of Directors 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 by such means shall constitute presence in person at such meeting.

2.10 Quorum. A majority of the total number of authorized directors shall constitute a quorum at any meeting of the Board of Directors. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so disqualified; provided, however, that in no case shall less than 1/3 of the number so fixed constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or at a meeting of a committee which authorizes a particular contract or transaction.

2.11 Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by law, the Certificate of Incorporation or these Amended and Restated Bylaws.

2.12 Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee of the Board of Directors may be taken without a meeting if all members of the Board or committee, as the case may be, consent to the



action in writing or by electronic transmission, and the writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.13 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation, with such lawfully delegated powers and duties as it therefor confers, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or

members of the committee present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of the Delaware General Corporation Law, shall have and may exercise all the powers and authority of the Board of Directors 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 which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these Amended and Restated Bylaws for the Board of Directors.

2.14 Compensation of Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary corporations in any other capacity and receiving compensation for such service.

2.15 Nomination of Director Candidates. Subject to the rights of holders of any class or series of Preferred Stock then outstanding, nominations for the election of Directors may be made by (i) the Board of Directors or a duly authorized committee thereof or (ii) any stockholder entitled to vote in the election of Directors.

2.16 Approval by Board of Directors. The corporation shall not, without prior approval by a majority of the members of the Board of Directors then in office: (i) amend that certain Agreement and Plan of Consolidation, dated as of February 18, 2005; (ii) increase the number of shares of Common Stock reserved for issuance under the corporation's stock option plan; (iii) issue any equity security or any security convertible into an equity security; (iv) acquire or dispose of any significant asset of the corporation, (v) enter into any agreement involving the licensing of the corporation's technology on an exclusive basis, (vi) merge the corporation with any other entity, (vii) hire or terminate any senior level employee, (viii) decide to consummate an initial public offering; (ix) amend these Amended and Restated Bylaws; (x) declare or pay any dividend on any share of stock; (xi) issue any debt of the corporation or any of its subsidiaries, (xii) approve of the corporation's annual budget; (xiii) approve of the corporation's annual business plan and any material deviations from it thereafter; and



(xiv) undertake any other matters which require Board of Directors approval as required under Delaware law.

## ARTICLE III
## OFFICERS

3.1 Enumeration. The officer of the corporation shall consist of a Chief Executive Officer and a President and such other officers with such other titles as the Board of Directors shall determine, including, at the discretion of the Board of Directors, a Chairman of the Board and one or more Vice Presidents and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election. Officers shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Officers may be appointed by the Board of Directors at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these Amended and Restated Bylaws, each officer shall hold office until his successor is elected and qualified, unless a different term is specified in the vote appointing him, or until his earlier death, resignation or removal.

3.5 Resignation and Removal. Any officer may resign by delivering his written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. Any officer elected by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors.

3.6 Chairman of the Board. The Board of Directors may appoint a Chairman of the Board. If the Board of Directors appoints a Chairman of the Board, he shall perform such duties and possess such powers as are assigned to him by the Board of Directors. Unless otherwise provided by the Board of Directors, he shall preside at all meetings of the stockholders, and, if he is a director, at all meetings of the Board of Directors.

3.7 President. The President shall, subject to the direction of the Board of Directors, have responsibility for the general management and control of the business and affairs of the corporation and shall perform all duties and have all powers which are commonly incident to the office of President or which are delegated to him or her by the Board of Directors. Unless otherwise designated by the Board of Directors, the President shall be the Chief Executive Officer of the corporation. The President shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of the Board of Directors and of stockholders. The President shall perform such other duties and shall have such other powers as the Board of Directors may from time to time prescribe. He or she shall have power to sign stock certificates, contracts and other instruments of the corporation which are authorized and shall have general supervision and direction of all of

the other officers, employees and agents of the corporation, other than the Chairman of the Board.

3.8 Vice Presidents. Any Vice President shall perform such duties and possess such powers as the Board of Directors or the President may from time to time prescribe. In the event of the absence, inability or refusal to act of the President, the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the President and when so performing shall have at the powers of and be subject to all the restrictions upon the President. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.9 Secretary and Assistant Secretaries. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the President may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the Secretary, including, without limitation, the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to keep a record of the proceedings of all meetings of stockholders and the Board of Directors, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer, the President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

3.10 Chief Financial Officer. Unless otherwise designated by the Board of Directors, the Chief Financial Officer shall be the Treasurer. The Chief Financial Officer shall perform such duties and shall have such powers as may from time to time be assigned to him by the Board of Directors, the Chief Executive Officer or the President. In addition, the Chief Financial Officer shall perform such duties and have such powers as are incident to the office of chief financial officer, including without limitation, the duty and power to keep and be responsible for all funds and securities of the corporation, to maintain the financial records of the corporation, to deposit funds of the corporation in depositories as authorized, to disburse such funds as authorized, to make proper accounts of such funds, and to render as required by the Board of Directors accounts of all such transactions and of the financial condition of the corporation.

3.11 Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.



3.12 Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

## ARTICLE IV
## CAPITAL STOCK

4.1 Issuance of Stock. Unless otherwise voted by the stockholders and subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any unissued balance of the authorized capital stock of the corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such consideration and on such terms as the Board of Directors may determine.

4.2 Certificates of Stock. Every holder of stock of the corporation shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, certifying the number and class of shares owned by him in the corporation. Each such certificate shall be signed by, or in the name of the corporation by, the Chairman or Vice Chairman, if any, of the Board of Directors, or the President or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation. Any or all of the signatures on the certificate may be a facsimile.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the Bylaws, applicable securities laws or any agreement among any number of shareholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

4.3 Transfers. Except as otherwise established by rules and regulations adopted by the Board of Directors, and subject to applicable law, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, the Certificate of Incorporation or the Bylaws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been

transferred on the books of the corporation in accordance with the requirements of these Amended and Restated Bylaws.

4.4 Lost, Stolen or Destroyed Certificates. The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen, or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such



indemnity as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.5 Record Date. The Board of Directors may fix in advance a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or to express consent (or dissent) to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, concession or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

## ARTICLE V
## GENERAL PROVISIONS

5.1 Fiscal Year. The fiscal year of the corporation shall be as fixed by the Board of Directors.

5.2 Corporate Seal. The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3 Waiver of Notice. Whenever any notice whatsoever is required to be given by law, by the Certificate of Incorporation or by these Amended and Restated Bylaws, a waiver of such notice either in writing signed by the person entitled to such notice or such person's duly authorized attorney, or by electronic transmission or any other method permitted under the Delaware General Corporation Law, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice.

5.4 Actions with Respect to Securities of Other Corporations. Except as the Board of Directors may otherwise designate, the Chief Executive Officer or President or any officer of the corporation authorized by the Chief Executive Officer or President shall have the power to vote and otherwise act on behalf of the corporation, in person or proxy, and may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact to this corporation



(with or without power of substitution) at any meeting of stockholders or shareholders (or with respect to any action of stockholders) of any other corporation or organization, the securities of which may be held by this corporation and otherwise to exercise any and all rights and powers which this corporation may possess by reason of this corporation's ownership of securities in such other corporation or other organization.

5.5 Evidence of Authority. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6 Certificate of Incorporation. All references in these Amended and Restated Bylaws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

5.7 Severability. Any determination that any provision of these Amended and Restated Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Amended and Restated Bylaws.

5.8 Pronouns. All pronouns used in these Amended and Restated Bylaws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

5.9 Notices. Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by facsimile or other electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law, or by commercial courier service. Any

such notice shall be addressed to such stockholder, director, officer, employee or agent at his or her last known address as the same appears on the books of the corporation. The time when such notice shall be deemed to be given shall be the time such notice is received by such stockholder, director, officer, employee or agent, or by any person accepting such notice on behalf of such person, if delivered by hand, facsimile, other electronic transmission or commercial courier service, or the time such notice is dispatched, if delivered through the mails.

5.10 Reliance Upon Books, Reports and Records. Each director, each member of any committee designated by the Board of Directors, and each officer of the corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or other records of the corporation, including reports made to the corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care.

5.11 Time Periods. In applying any provision of these Amended and Restated Bylaws which require that an act be done or not 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.

5.12 Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Amended and Restated Bylaws, facsimile signatures of any officer or officers of the corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

## ARTICLE VI
## AMENDMENTS

6.1 By the Board of Directors. Except as is otherwise set forth in these Amended and Restated Bylaws, these Amended and Restated Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present.

6.2 By the Stockholders. Except as otherwise set forth in these Amended and Restated Bylaws, these Amended and Restated Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of the holders of at least a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at any annual meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new Bylaws shall have been stated in the notice of such special meeting.

## ARTICLE VII
## INDEMNIFICATION OF DIRECTORS AND OFFICERS

7.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of another corporation, or as a controlling person of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer, or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation 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 said Law permitted the corporation to provide prior to such amendment) against all expenses, liability and loss reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 7.2 of this Article VII, the corporation shall indemnify any such person seeking indemnity in connection with a proceeding (or part thereof) initiated by such person only if (a) such indemnification is expressly required to be



made by law, (b) the proceeding (or part thereof) was authorized by the Board of Directors of the corporation, (c) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law, or (d) the proceeding (or part thereof) is brought to establish or enforce a right to indemnification under an indemnity agreement or any other statute or law or otherwise as required under Section 145 of the Delaware General Corporation Law. The rights hereunder shall be contract rights and shall include the right to be paid expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, unless the Delaware General Corporation Law then so prohibits, the payment of such expenses incurred by a director or officer of the corporation in his or her capacity as a director or officer (and not in any other capacity in which service was or is tendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) 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 director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Section or otherwise.

7.2 Right of Claimant to Bring Suit. If a claim under Section 7.1 is not paid in full by the corporation within 90 days after a

written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if such suit is not frivolous or brought in bad faith, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to this corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

7.3 Indemnification of Employees and Agents. The corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the advancement of related expenses, to any employee or agent of the corporation to the fullest extent of the provisions of this Article with respect to the indemnification of and advancement of expenses to directors and officers of the corporation.

7.4 Non-Exclusivity of Rights. The rights conferred on any person in Sections 7.1 and 7.2 shall not be exclusive of any other right which such persons may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.



7.5 Indemnification Contracts. The Board of Directors is authorized to enter into a contract 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 for indemnification rights equivalent to or, if the Board of Directors so determines, greater than, those provided for in this Article VII.

7.6 Insurance. The corporation may maintain insurance to the extent reasonably available, at its expense, to protect itself and any such director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such 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 Delaware General Corporation Law.

7.7 Effect of Amendment. Any amendment, repeal or modification of any provision of this Article VII by the stockholders and the directors of the corporation shall not adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment, repeal or modification.

**Exhibit 3.4**

**AMENDED AND RESTATED BYLAWS**

**OF**

**SHOTSPOTTER, INC.**

**(A DELAWARE CORPORATION)**

**[ , 2017]**

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**AMENDED AND RESTATED BYLAWS**
**OF**
**SHOTSPOTTER, INC.**
**(A DELAWARE CORPORATION)**

## ARTICLE I

## OFFICES

**Section 1. Registered Office.** The registered office of the corporation shall be established and maintained at the office of Incorporating Services, Ltd. in the City of Dover, in the County of Kent, in the State of Delaware, and said corporation, or other such person or entity as the Board of Directors may from time to time designate, shall be the registered agent of the corporation.

**Section 2. Other Offices.** The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors of the corporation (the "***Board of Directors***"), and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

## ARTICLE II

## CORPORATE SEAL

**Section 3. Corporate Seal.** The Board of Directors may adopt a corporate seal. If adopted, the corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

## ARTICLE III

## STOCKHOLDERS' MEETINGS

**Section 4. Place of Meetings.** Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law (the "***DGCL***").

**Section 5. Annual Meetings.**

**(a)** The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may properly come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders (with respect to business other than nominations); (ii) brought specifically by or at the direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving the stockholder's notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice procedures



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set forth in this Section 5. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the corporation's notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "***1934 Act***")) before an annual meeting of stockholders.

**(b)** At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for

stockholder action under Delaware law and as shall have been properly brought before the meeting.

**(i)** For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Amended and Restated Bylaws (the "***Bylaws***"), the stockholder must deliver written notice to the Secretary of the corporation at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee; (2) the principal occupation or employment of such nominee; (3) the class and number of shares of each class of capital stock of the corporation which are owned of record and beneficially by such nominee; (4) the date or dates on which such shares were acquired and the investment intent of such acquisition; (5) a statement whether such nominee, if elected, intends to tender, promptly following such person's failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an irrevocable resignation effective upon acceptance of such resignation by the Board of Directors; and (6) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder (including such person's written consent to being named as a nominee and to serving as a director if elected); and (B) the information required by Section 5(b)(iv). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

**(ii)** Other than proposals sought to be included in the corporation's proxy materials pursuant to Rule 14a-8 under the 1934 Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary of the corporation at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest (including any anticipated benefit of such business to any Proponent (as defined below) other than solely as a result of its ownership of the corporation's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business of any Proponent; and (B) the information required by Section 5(b)(iv).

**(iii)** To be timely, the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90$^{th}$) day nor earlier than the close of business on the one hundred twentieth (120$^{th}$) day prior to the first anniversary of the preceding year's annual meeting; *provided,* that, subject to the last sentence of this Section 5(b)(iii), in the event that the date of the annual meeting is



advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on the one hundred twentieth (120$^{th}$) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90$^{th}$) day prior to such annual meeting or the tenth (10$^{th}$) day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment or a postponement of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

**(iv)** The written notice required by Section 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "***Proponent***" and collectively, the "***Proponents***"): (A) the name and address of each Proponent, as they appear on the corporation's books; (B) the class, series and number of shares of the corporation that are owned beneficially and of record by each Proponent; (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation entitled to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on the date of such stockholder's notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of such Derivative Transactions.

**(c)** A stockholder providing written notice required by Section 5(b)(i) or (ii) shall update and supplement 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 the meeting and (ii) the date that is five (5) business days prior to the meeting and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Secretary of the corporation at the principal executive offices of the corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Secretary of the corporation at the principal executive offices of the corporation not later than two (2) business days prior to the date for the meeting, and,

in the event of any adjournment or postponement thereof, two (2) business days prior to such adjourned or postponed meeting.

**(d)** Notwithstanding anything in Section 5(b)(iii) to the contrary, in the event that the number of directors in an Expiring Class (as defined below) is increased and there is no public announcement of the appointment of a director to such class, or, if no appointment was made, of the vacancy in such class, made by the corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination in accordance with Section 5(b)(iii), a stockholder's notice required by this Section 5 and which complies with the requirements in Section 5(b)(i), other than the timing requirements in Section 5(b)(iii), shall also be considered timely, but only with respect to nominees for any new



positions in such Expiring Class created by such increase, if it shall be received by the Secretary of the corporation at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation. For purposes of this section, an "***Expiring Class***" shall mean a class of directors whose term shall expire at the next annual meeting of stockholders.

**(e)** A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (ii) of Section 5(a), or in accordance with clause (iii) of Section 5(a). Except as otherwise required by law, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any 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 these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, or the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nominations or such business may have been solicited or received.

**(f)** Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided* that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a)(iii) of these Bylaws.

**(g)** For purposes of Sections 5 and 6,

**(i)** "***affiliates***" and "***associates***" shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended (the "***1933 Act***");

**(ii)** "***Derivative Transaction***" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial:

(w) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation,

(x) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the corporation,

(y) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or

(z) which provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with respect to any securities of the corporation,

which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such



class or series), and any proportionate interest of such Proponent in the securities of the corporation held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member.

**(iii)** "***public announcement***" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable 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 1934 Act; and

**Section 6. Special Meetings.**

**(a)** Special meetings of the stockholders of the corporation may be called, for any purpose as is a proper matter

for stockholder action under Delaware law, by (i) the Chairperson of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption).

**(b)** The Board of Directors shall determine the time and place, if any, of such special meeting. Upon determination of the time and place, if any, of the meeting, the Secretary of the corporation shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. No business may be transacted at such special meeting otherwise than specified in the notice of meeting.

**(c)** Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in this paragraph, who shall be entitled to vote at the meeting and who delivers written notice to the Secretary of the corporation setting forth the information required by Section 5(b)(i). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record 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 written notice setting forth the information required by Section 5(b)(i) of these Bylaws shall be received by the Secretary of the corporation at the principal executive offices of the corporation not later than the close of business on the later of the ninetieth ($90^{th}$) day prior to such meeting or the tenth ($10^{th}$) 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 of Directors to be elected at such meeting. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment or a postponement of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

**(d)** Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to matters set forth in this Section 6. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided* that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors to be considered pursuant to Section 6(c) of these Bylaws.



**Section 7. Notice of Meetings.** Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each 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 entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, 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 any such meeting. If mailed, notice is deemed given when deposited in the U.S. mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his, her or its attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder 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. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

**Section 8. Quorum.** At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, as amended (the "***Certificate of Incorporation***") or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the voting power of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairperson of the meeting or by vote of the holders of a majority of the voting power of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the majority of voting power of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute or by applicable stock exchange rules, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute, or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, a majority of the voting power of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by applicable stock exchange rules or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

**Section 9. Adjournment and Notice of Adjourned Meetings.** Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairperson of the meeting or by the vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are

announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new



record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**Section 10. Voting Rights.** For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

**Section 11. Joint Owners of Stock.** If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary of the corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his or her act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary of the corporation shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

**Section 12. List of Stockholders.** The Secretary of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number and class 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, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

**Section 13. Action Without Meeting.** No action shall be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with these Bylaws, and no action shall be taken by the stockholders by written consent or by electronic transmission.

**Section 14. Organization.**

**(a)** At every meeting of stockholders, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Chief Executive Officer, or, if no Chief Executive Officer is then serving or is absent, the President, or, if the President is absent, a chairperson of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, or President shall act as chairperson. The Chairperson of the Board may appoint the Chief Executive Officer as chairperson of the meeting. The Secretary of the corporation, or, in his or her absence, an Assistant Secretary of the corporation or other officer or other person directed to do so by the chairperson of the meeting, shall act as secretary of the meeting.



**(b)** The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairperson of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairperson shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

## ARTICLE IV

## DIRECTORS

**Section 15. Number and Term of Office.** The authorized number of directors of the corporation shall be fixed in

accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

**Section 16. Powers.** The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

**Section 17. Classes of Directors.**

Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, immediately following the closing of the initial public offering pursuant to an effective registration statement under the 1933 Act, covering the offer and sale of Common Stock of the corporation to the public (the "***Initial Public Offering***"), the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class I directors shall expire and new Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class II directors shall expire and new Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class III directors shall expire and new Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Section 17, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No



decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

**Section 18. Vacancies.**

Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of Preferred Stock or as otherwise provided by applicable law, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, and not by the stockholders, *provided* that, whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director.

**Section 19. Resignation.** Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary of the corporation, such resignation to specify whether it will be effective at a particular time. If no such specification is made, the resignation shall be deemed effective at the time of delivery to the Secretary of the corporation. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his or her successor shall have been duly elected and qualified.

**Section 20. Removal.**

**(a)** Subject to the rights of holders of any series of Preferred Stock to elect additional directors under specified circumstances, neither the Board of Directors nor any directors may be removed without cause as provided for in Section 141(k) of the DGCL.

**(b)** Subject to any limitation imposed by law, any individual director or directors may be removed with cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation entitled to vote generally at an election of directors, voting together as a single class.

**Section 21. Meetings.**

**(a) Regular Meetings.** Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, telegraph or telex, or by

electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

**(b) Special Meetings.** Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or outside the State of Delaware whenever called by the Chairperson of the Board, the Chief Executive Officer or a majority of the total number of authorized directors.

**(c) Meetings by Electronic Communications Equipment.** Any member of the Board of Directors, or of any committee thereof, may participate in a meeting 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 by such means shall constitute presence in person at such meeting.

**(d) Notice of Special Meetings.** Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by U.S. mail, it shall be sent by first class mail, charges prepaid, at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing, or by electronic transmission, at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the 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.

**(e) Waiver of Notice.** The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

**Section 22. Quorum and Voting.**

**(a)** Unless the Certificate of Incorporation requires a greater number, and except with respect to questions related to indemnification arising under Section 44 for which a quorum shall be one-third of the exact number of directors fixed from time to time, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; *provided* that*,* at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

**(b)** At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

**Section 23. Action Without Meeting.** Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and



such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

**Section 24. Fees and Compensation.** Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

**Section 25. Committees.**

**(a) Executive Committee.** The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors 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 which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the corporation.

**(b) Other Committees.** The Board of Directors may, from time to time, appoint such other committees as may be

permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

**(c) Term.** The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Section 25, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

**(d) Meetings.** Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place



of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special 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. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

**Section 26. Duties of Chairperson of the Board of Directors and Lead Independent Director.**

**(a)** The Chairperson of the Board of Directors, if appointed and when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairperson of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

**(b)** The Chairperson of the Board of Directors, or if the Chairperson is not an independent director, one of the independent directors, shall be designated by the Board of Directors as lead independent director to serve until replaced by the Board of Directors ("***Lead Independent Director***"). The Lead Independent Director will: with the Chairperson of the Board of Directors, establish the agenda for regular meetings of the Board of Directors and serve as chairperson of such meetings in the absence of the Chairperson of the Board of Directors; establish the agenda for meetings of the independent directors; coordinate with the committee chairs regarding meeting agendas and informational requirements; preside over meetings of the independent directors; preside over any portions of meetings of the Board of Directors at which the evaluation or compensation of the Chief Executive Officer is presented or discussed; preside over any portions of meetings of the Board of Directors at which the performance of the Board of Directors is presented or discussed; and perform such other duties as may be established or delegated by the Chairperson of the Board of Directors.

**Section 27. Organization.** At every meeting of the Board of Directors, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Lead Independent Director, or if the Lead Independent Director has not been appointed or is absent, the Chief Executive Officer (if a director), or, if a Chief Executive Officer is not then serving or absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a chairperson of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary of the corporation, or in his or her absence, an Assistant Secretary of the corporation or other officer, director or other person directed to do so by the person presiding over the meeting, shall act as secretary of the meeting.

## ARTICLE V

## OFFICERS

**Section 28. Officers Designated.** The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer and the Treasurer. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such

additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

**Section 29. Tenure and Duties of Officers.**

**(a) General.** All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

**(b) Duties of Chief Executive Officer.** The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors or the Lead Independent Director has been appointed and is present. Unless an officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in these Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

**(c) Duties of President.** The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors, the Lead Independent Director or the Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

**(d) Duties of Vice Presidents.** A Vice President may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. A Vice President shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

**(e) Duties of Secretary.** The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall



perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

**(f) Duties of Chief Financial Officer.** The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in these Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The President may direct the Treasurer, if any, or any Assistant Treasurer, or the controller or any assistant controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each controller and assistant controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

**(g) Duties of Treasurer.** Unless another officer has been appointed Chief Financial Officer of the corporation, the Treasurer shall be the chief financial officer of the corporation and shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, and, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President and Chief Financial Officer (if not Treasurer) shall designate from time to time.

**Section 30. Delegation of Authority.** The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

**Section 31. Resignations.** Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President or to the Secretary of the corporation. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

**Section 32. Removal.** Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee of the Board of Directors or by the Chief Executive Officer or by other superior officers upon whom such power of removal may have been conferred by the Board of Directors.



## ARTICLE VI

## EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

**Section 33. Execution of Corporate Instruments.** The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

**Section 34. Voting of Securities Owned by the Corporation.** All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

## ARTICLE VII

## SHARES OF STOCK

**Section 35. Form and Execution of Certificates.** The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificate shall be entitled to have a certificate signed by or in the name of the corporation by any two authorized officers of the corporation certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. 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 with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

**Section 36. Lost Certificates.** A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.



**Section 37. Transfers.**

**(a)** Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

**(b)** The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

**Section 38. Fixing Record Dates.**

**(a)** In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. 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* that the Board of Directors may fix a new record date for the adjourned meeting.

**(b)** 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 the stockholders 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 of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

**Section 39. Registered Stockholders.** The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

## ARTICLE VIII

## OTHER SECURITIES OF THE CORPORATION

**Section 40. Execution of Other Securities.** All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 35), may be signed by the Chairperson of the Board of Directors, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary of the corporation or an Assistant



Secretary of the corporation, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; *provided* that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

## ARTICLE IX

## DIVIDENDS

**Section 41. Declaration of Dividends.** Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

**Section 42. Dividend Reserve.** Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

## ARTICLE X

## FISCAL YEAR

**Section 43. Fiscal Year.** The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

## ARTICLE XI

## INDEMNIFICATION

**Section 44. Indemnification of Directors, Officers, Employees and Other Agents.**

**(a) Directors and Officers.** The corporation shall indemnify its directors and officers (for the purposes of this Article XI, "***officers***" shall refer to "officers" as such term is defined in Rule 16a-1 promulgated under the 1934 Act) to the extent not prohibited by the DGCL or any other applicable law; *provided* that the corporation may modify the extent of such indemnification by individual contracts with its directors and officers; and, *provided, further,* that the corporation shall not be required



to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

**(b) Other Officers, Employees and Other Agents.** The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person.

**(c) Expenses.** The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer, of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding; *provided* that, if the DGCL requires, an advancement of expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "***undertaking***"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "***final adjudication***") that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this section, no advance shall be made by the corporation to an officer of the corporation (except by reason of the fact that such officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

**(d) Enforcement.** Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or officer. Any right to indemnification or advances granted by this Section 44 to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. To the extent permitted by law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative



or investigative, by reason of the fact that such officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his or her conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director

or officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or officer is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the corporation.

**(e) Non-Exclusivity of Rights.** The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

**(f) Survival of Rights.** The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

**(g) Insurance.** To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this section.

**(h) Amendments.** Any repeal or modification of this section shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

**(i) Saving Clause.** If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and officer to the full extent not prohibited by any applicable portion of this section that shall not have been invalidated, or by any other applicable law. If this section shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and officer to the full extent under any other applicable law.

**(j) Certain Definitions.** For the purposes of this Article XI of these Bylaws, the following definitions shall apply:

**(i)** The term "***proceeding***" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.



**(ii)** The term "***expenses***" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

**(iii)** The term the "***corporation***" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

**(iv)** References to a "***director***," "***executive officer***," "***officer***," "***employee***," or "***agent***" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

**(v)** References to "***other enterprises***" shall include employee benefit plans; references to "***fines***" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "***serving at the request of the corporation***" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "***not opposed to the best interests of the corporation***" as referred to in this section.

## ARTICLE XII

## NOTICES

**Section 45. Notices.**

**(a) Notice to Stockholders.** Written notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or

contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by U.S. mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

**(b) Notice to Directors.** Any notice required to be given to any director may be given by the method stated in subsection (a), or as otherwise provided in these Bylaws provided that, other than notice which is delivered personally, notice shall be sent to such address as such director shall have filed in writing with the Secretary or, in the absence of such filing, to the last known address of such director.

**(c) Affidavit of Mailing.** An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, or other agent, specifying the name and address or the names and addresses of the stockholder or



stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

**(d) Methods of Notice.** It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

**(e) Notice to Person with Whom Communication Is Unlawful.** Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

**(f) Notice to Stockholders Sharing an Address.** Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within sixty (60) days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

## ARTICLE XIII

## AMENDMENTS

**Section 46.** Subject to the limitations set forth in Section 44(h) of these Bylaws or the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the corporation. Any adoption, amendment or repeal of the Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the corporation; *provided* that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 $^{2}/_{3}$% 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.

## ARTICLE XIV

## LOANS TO OFFICERS AND EMPLOYEES

**Section 47. Loans to Officers and Employees.** Except as otherwise prohibited by applicable law, including the Sarbanes-Oxley Act of 2002, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a director of the corporation or its subsidiaries, whenever, in the



judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

**Exhibit 4.2**

**SHOTSPOTTER, INC.**

**INVESTORS' RIGHTS AGREEMENT**

This Investors' Rights Agreement (the "Agreement") is made as of July 12, 2012, by and among ShotSpotter, Inc., a Delaware corporation (the "Company") and the investors listed on Exhibit A hereto, each of which is herein referred to individually, as an "Investor," and collectively, as "Investors."

RECITAL

The Investors are parties to the Series B-1 Preferred Stock and Warrant Purchase Agreement of even date herewith by and among the Company and certain of the Investors (the "Purchase Agreement"), which provides that as a condition to the closing of the sale of the Series B-1 Preferred Stock, Series A-2 Preferred Stock and the warrants thereunder (the "Warrants"), this Agreement must be executed and delivered by the Investors and the Company.

AGREEMENT

In consideration of the mutual promises and covenants set forth herein, the parties hereto agree as follows:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Section 1:

(a) The term "Act" means the Securities Act of 1933, as amended.

(b) The term "Common Stock" means the Company's common stock and any subsequent reclassifications thereof.

(c) The term "Form S-3" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(d) The term "Holder" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.11 hereof; provided, however, that holders of Registrable Securities that do not hold any Common Stock issued or issuable upon conversion of Voting Preferred Stock shall not be deemed to be Holders for purposes of Sections 1.2, 1.4, 1.12 and 3.7.

(e) The term "Initial Offering" means the Company's first firm commitment underwritten public offering of its Common Stock under the Act.



(f) The term "1934 Act" means the Securities Exchange Act of 1934, as amended.

(g) The term "Voting Preferred Stock" means the Company's Series B-1 Preferred Stock.

(h) The term "Investor Common Stock" means the Company's Common Stock issued upon conversion of the Company's Preferred Stock on July , 2012.

(i) The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(j) The term "Registrable Securities" means (i) the Common Stock issuable or issued upon conversion of the Voting Preferred Stock, (ii) the shares of Investor Common Stock; provided, however, that such shares of Investor Common Stock shall not be deemed Registrable Securities for the purposes of Sections 1.2, 1.4, 1.12, 2.1, 2.2, 2.4 and 3.7 and (iii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the shares referenced in (i) and (ii) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under this Section 1 are not assigned.

(k) The number of shares of "Registrable Securities" outstanding shall be determined by the number of shares of Common Stock outstanding that are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities that are, Registrable Securities.

(l) The term "Rule 144" shall mean Rule 144 under the Act.

(m) The term "SEC" shall mean the Securities and Exchange Commission.

1.2 Request for Registration.

(a) Subject to the conditions of this Section 1.2, if the Company shall receive at any time six months after the effective date of the Initial Offering, a written request from the Holders of a majority of the Registrable Securities then outstanding (for purposes of this Section 1.2, the "Initiating Holders") that the Company file a registration statement under the Act covering the registration of the Registrable Securities with an anticipated aggregate offering price, net of underwriting discounts and expenses, of at least $10,000,000, then the Company shall, within 20 days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 1.2, use all commercially reasonable efforts to effect, as soon as practicable, the registration under the Act of all Registrable Securities that the Holders request to be registered in a written request received by the Company within 20 days of the mailing of the Company's notice pursuant to this Section 1.2(a).



(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.2 and the Company shall include such information in the written notice referred to in Section 1.2(a). In such event the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company (which underwriter or underwriters shall be reasonably acceptable to a majority in interest of the Initiating Holders). Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Company that marketing factors require a limitation on the number of securities underwritten (including Registrable Securities), then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities pro rata based on the number of Registrable Securities held by all such Holders (including the Initiating Holders). In no event shall any Registrable Securities be excluded from such underwriting unless all other securities are first excluded. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Section 1.2:

(i) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the Act; or

(ii) after the Company has effected two registrations pursuant to this Section 1.2, and such registrations have been declared or ordered effective; or

(iii) during the period starting with the date 60 days prior to the Company's good faith estimate of the date of the filing of and ending on a date 180 days following the effective date of a Company-initiated registration subject to Section 1.3 below, provided that the Company is actively employing in good faith all commercially reasonable efforts to cause such registration statement to become effective; or

(iv) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form S-3 pursuant to Section 1.4 hereof; or

(v) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.2 a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the



Company shall have the right to defer such filing for a period of not more than 120 days after receipt of the request of the Initiating Holders, provided that such right shall be exercised by the Company not more than once in any 12-month period and provided further that the Company shall not register any securities for the account of itself or any other stockholder during such 120-day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered); or

(vi) if the Initiating Holders do not request that such offering be firmly underwritten by underwriters selected by the Initiating Holders (subject to the consent of the Company); or

(vii) if the Company and the Initiating Holders are unable to obtain the commitment of the

underwriter described in clause (vi) above to firmly underwrite the offer.

(d) A registration pursuant to this Section 1.2 shall be deemed to have been made only if (i) all Registrable Securities requested to be registered are registered and (ii) it is closed or withdrawn at the request of the Initiating Holders for any reason other than as a result of a material adverse change to the Company.

1.3 Company Registration.

(a) If the Company proposes to register any of its stock or stock of the Holders or other securities under the Act in connection with the public offering of such securities (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within 20 days after mailing of such notice by the Company in accordance with Section 3.5, the Company shall, subject to the provisions of Section 1.3(c), use all commercially reasonable efforts to cause to be registered under the Act all of the Registrable Securities that each such Holder requests to be registered.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.3 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 1.7 hereof.



(c) Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under this Section 1.3 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by the Company (or by other persons entitled to select the underwriters) and enter into an underwriting agreement in customary form with such underwriters, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, that the underwriters determine in their sole discretion will not jeopardize the success of the offering. In no event shall any Registrable Securities be excluded from such offering unless all other stockholders' securities have been first excluded and in no event shall any Registrable Securities that are Common Stock issued or issuable upon conversion of Voting Preferred Stock be excluded from such offering unless any Registrable Securities that are Investor Common Stock have first been excluded from such offering. In the event that the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be apportioned pro rata among the selling Holders based on the number of Registrable Securities held by all selling Holders or in such other proportions as shall mutually be agreed to by all such selling Holders. For purposes of the preceding sentence concerning apportionment, for any selling stockholder that is a Holder of Registrable Securities and that is a venture capital fund, partnership, limited liability company or corporation, the affiliated venture capital funds, partners, retired partners, members, former members and stockholders of such Holder, or the estates and family members of any such partners, retired partners, members, former 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 amount of Registrable Securities owned by all such related entities and individuals.

1.4 Form S-3 Registration. After its Initial Offering, in case the Company shall receive from the Holder or Holders of at least ten percent (10%) of the Registrable Securities then outstanding (for purposes of this Section 1.4, the "Initiating Holders") a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use all commercially reasonable efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written



request given within 15 days after receipt of such written notice from the Company, provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.4:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to

inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $3,000,000;

(iii) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.4 a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than 120 days after receipt of the request of the Initiating Holders, provided that such right shall be exercised by the Company not more than once in any 12-month period and provided further that the Company shall not register any securities for the account of itself or any other stockholder during such 120-day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered);

(iv) if the Company has, within the 12-month period preceding the date of such request, already effected two registrations on Form S-3 for the Holders pursuant to this Section 1.4; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.4 and the Company shall include such information in the written notice referred to in Section 1.4(a). The provisions of Section 1.2(b) shall be applicable to such request (with the substitution of Section 1.4 for references to Section 1.2).

(d) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Initiating Holders. Registrations



effected pursuant to this Section 1.4 shall not be counted as requests for registration effected pursuant to Section 1.2.

1.5 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use all commercially reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to 60 days or, if earlier, until the distribution contemplated in the Registration Statement has been completed;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement;

(c) furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(d) use all commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering (each Holder participating in such underwriting shall also enter into and perform its obligations under such underwriting agreement);

(f) notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) cause all such Registrable Securities registered pursuant to this Section 1 to be listed on a national exchange or trading system and on each securities exchange and trading system on which similar securities issued by the Company are then listed; and

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

1.6 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information as may be requested by the Company, including, but not limited to, regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be reasonably required to effect the registration of such Holder's Registrable Securities.

1.7 Expenses of Registration. All expenses other than underwriting discounts and commissions and fees and disbursements of counsel to the selling Holders incurred in connection with registrations, filings or qualifications pursuant to Sections 1.2, 1.3 and 1.4, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company, and excluding stock transfer taxes, underwriting discounts and underwriting commissions, shall be borne by the Company. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 or Section 1.4 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless such withdrawal is based on the Holders having reliable information of a material adverse change in the financial condition, business or prospects of the Company which information was not known to or discoverable by the Holders at the time of their request and have withdrawn the request with reasonable promptness following confirmation by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Sections 1.2 and 1.4.

1.8 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.9 Indemnification.

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers, directors and stockholders of each Holder, within the meaning of Section 15 of the Act, with respect to which registration, qualification, or compliance has been effected pursuant to this Section 1, and any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages or liabilities joint or several) to which they may become subject under the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or



supplements thereto, incident to any such registration, qualification, or compliance, (ii) the omission or alleged omission to state in such registration statement a material fact required to be stated therein, or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws, applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification, or compliance, and the Company will reimburse each such Holder, underwriter, controlling person or other aforementioned person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the indemnity agreement contained in this subsection 1.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter, controlling person or other aforementioned person; provided further, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder or underwriter or other aforementioned person, or any person controlling such Holder or underwriter, from whom the person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the most current prospectus was not sent or given by or on behalf of such Holder or underwriter or other aforementioned person to such person, if required by law to have been so delivered, at or prior to the written confirmation of the sale of the shares to such person, and if the prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers, partners, members, legal counsel, and accountants, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder, and each of their officers, directors, members and partners, and each person controlling such Holder, and any controlling person of any such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse the Company and such Holders, directors,

officers, partners, members, legal counsel, and accountants, persons, underwriters, or control persons and any person intended to be indemnified pursuant to this subsection 1.9(b) for any legal or other expenses reasonably incurred by such person in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the indemnity agreement contained in this subsection 1.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld), and



provided that in no event shall any indemnity under this subsection 1.9(b), when taken together with any contribution by such Holder pursuant to Section 1.9(c) below, exceed the net proceeds from the offering received by such Holder.

Promptly after receipt by an indemnified party under this Section 1.9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.9 to the extent of such prejudice, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.9. No indemnified party, in the defense of any such claim or litigation, shall, except with the consent of each indemnifying party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. Each indemnified party shall furnish such information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(c) If the indemnification provided for in this Section 1.9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations; provided, however, that no contribution by any Holder, when combined with any amounts paid by such Holder pursuant to Section 1.9(b), shall exceed the net proceeds from the offering received by such Holder. The relative fault of the indemnifying party and the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.



(d) 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.

(e) The obligations of the Company and Holders under this Section 1.9 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1 and otherwise.

1.10 Reports Under the 1934 Act. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after the effective date of the Initial Offering;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after 90 days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to avail any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

1.11 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities

pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities that (a) (i) is a subsidiary, parent, partner, limited partner, retired partner, member, former member, stockholder or affiliated venture capital funds of a Holder, or (ii) is a Holder's family member or trust for the benefit of an individual Holder, and (b) after such assignment or transfer, such transferee holds at least 50,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations or the like), provided: (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (y) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including, without limitation, the provisions of Section 1.13 below; and (z) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act.



1.12 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include any of such securities in any registration filed under Section 1.2, Section 1.3 or Section 1.4 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included or (b) to demand registration of their securities.

1.13 "Market Stand-Off" Agreement.

(a) Each Holder hereby agrees that it will not, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's Initial Offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed 180 days or, if required by such managing underwriters, such longer period of time as is necessary to enable such underwriters to issue a research report or make a public appearance that relates to an earnings release or announcement by the Company within 17 days before or after the date that is 180 days after the effective date of the registration statement relating to the Initial Offering, but in any event not to exceed 210 days following the effective date of the registration statement relating to such offering) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately prior to the effectiveness of the Registration Statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 1.13 shall apply only to the Company's Initial Offering of equity securities, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers, directors and greater-than-one-percent stockholders of the Company (all parties bound by such market standoffs the "Restricted Stockholders") enter into similar agreements. The underwriters in connection with the Company's Initial Offering are intended third-party beneficiaries of this Section 1.13 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Company's Initial Offering that are consistent with this Section 1.13 or that are necessary to give further effect thereto. If the Company or the representative of the underwriters waives or terminates the restrictive provisions of the market stand-off agreements of any of the other Restricted Stockholders, then such discretionary waiver or termination shall apply to all Restricted Stockholders on a pro rata basis based on the number of shares subject to such agreements and this Section 1.13.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.



(b) Each Holder agrees that a legend reading substantially as follows shall be placed on all certificates representing all Registrable Securities of each Holder (and the shares or securities of every other person subject to the restriction contained in this Section 1.13):

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD AFTER THE EFFECTIVE DATE OF THE ISSUER'S REGISTRATION STATEMENT FILED UNDER THE ACT, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE ISSUER'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

1.14 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 1 upon the earlier of the following to occur: (i) such time after the Initial Offering at which such Holder (A) holds one percent or less of the Company's outstanding Common Stock and (B) all Registrable Securities held by such Holder (together with any affiliate of the Holder with whom such Holder must aggregate its sales under Rule 144) can be sold in any three-month period without registration in compliance with Rule 144, or (ii) after the consummation of a Deemed Liquidation Event, as described and defined in the Company's Amended and Restated Certificate of Incorporation (as amended and restated from time to time, the "Certificate of Incorporation").

2. Covenants of the Company.

2.1 Delivery of Financial Statements.

(a) The Company shall, upon request, deliver to each Investor (or transferee of an Investor) as soon as practicable, but in any event within 150 days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholders' equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("GAAP"), and audited and certified by independent public accountants of nationally recognized standing selected by the Company.

(b) The Company shall, upon request, deliver to each Investor (or transferee of an Investor) that holds at least 1,000,000 shares of Voting Preferred Stock or Common Stock issued upon conversion thereof (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like) (each, a "Major Investor") as soon as practicable, but in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Company, an unaudited income statement, statement of cash flows for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter; and

(c) The Company shall, upon request, deliver to each Major Investor as soon as practicable, but in any event within 30 days prior to the end of each fiscal year of the Company, an annual budget.



2.2 Inspection. The Company shall permit each Major Investor, at such Major Investor's expense, reasonable access during normal business hours to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Major Investor and with reasonable advance notification; provided, however, that the Company shall not be obligated pursuant to this Section 2.2 to disclose details of contracts with or work performed for specific customers and other business partners where to do so would violate confidentiality obligations to those parties. The Company has the right to require that any Major Investor execute the Company's standard confidentiality and nondisclosure agreement prior to the exercise of rights under this Section 2.2. The rights granted pursuant to this Section 2.2 may not be assigned or otherwise conveyed by the Major Investors or by any subsequent transferee of any such rights without the prior written consent of the Company except as provided in Section 2.3.

2.3 Assignment/Termination of Information and Inspection Covenants; Confidentiality.

(a) The rights to cause the Company to provide information pursuant to Sections 2.1 and 2.2 may be assigned (but only with all related obligations) by a Major Investor to a transferee or assignee of such securities that (i) is a subsidiary, parent, partner, limited partner, retired partner, member, former member, stockholder or affiliated venture capital funds of a Major Investor, (ii) is a Major Investor's family member or trust for the benefit of an individual Major Investor, or (iii) after such assignment or transfer, holds at least 50,000 shares of Voting Preferred Stock or Common Stock issued upon conversion thereof (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like). The covenants set forth in Sections 2.1 and 2.2 shall terminate and be of no further force or effect upon the earlier to occur of (i) the Initial Offering, (ii) when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, whichever event shall first occur, or (iii) the consummation of a Deemed Liquidation Event, as described and defined in the Certificate of Incorporation.

(b) Anything in Section 2.1 and 2.2 to the contrary notwithstanding, no Major Investor by reason of this Agreement shall have access to any information the Company deems in good faith to be trade secrets or similar confidential information of the Company. Each Major Investor hereby agrees to hold in confidence and trust and not to misuse or disclose any confidential information provided pursuant to Section 2.1 and 2.2. The Company shall not be required to comply with Section 2.1 and 2.2 in respect of any Major Investor whom the Company reasonably determines to be a competitor or an officer, employee, director or holder of more than 10% of the stock of a competitor.

2.4 Right of First Offer. Subject to the terms and conditions specified in this Section 2.4, the Company hereby grants to each Major Investor a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). For purposes of this Section 2.4, the term "Major Investor" includes (i) if the Major Investor is a partnership, limited liability company, corporation or other entity, any general partners, members and affiliates of such Major Investor, or (ii) if the Major Investor is an individual, the immediate family members of such Major Investor and trusts for the benefit of such Major Investor or his or her immediate



family members. A Major Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners, members and affiliates, immediate family members or trusts in such proportions as it deems appropriate.

Each time the Company proposes to offer any shares of, or securities convertible into or exchangeable or exercisable for any shares of, its capital stock ("Shares"), the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions:

(a) The Company shall deliver a notice in accordance with Section 3.5 ("Notice") to the Major Investors stating (i) its bona fide intention to offer such Shares, (ii) the

number of such Shares to be offered and (iii) the price and terms upon which it proposes to offer such Shares.

(b) By written notification received by the Company within 15 calendar days after the giving of Notice, each Major Investor may elect to purchase, at the price and on the terms specified in the Notice, up to such Major Investor's pro rata share of the Shares. For purposes of this Section 2.4, such pro rata share is the ratio of (i) the number of shares of Common Stock then owned by such Major Investor to (ii) the total number of shares of Common Stock outstanding (assuming for both the numerator and denominator of such calculation, the exercise of all outstanding options and warrants, and the conversion into Common Stock of all outstanding securities convertible into Common Stock, including the Voting Preferred Stock) immediately prior to the issuance of the Shares. The Company shall promptly, in writing, inform each Major Investor that elects to purchase all the shares available to it (a "Fully-Exercising Investor") of any other Major Investor's failure to do likewise. Thereafter, each Fully-Exercising Investor may elect to purchase that portion of the Shares for which the Major Investors were entitled to subscribe, but which were not subscribed for by the Major Investors, that is equal to the proportion that the number of shares of Common Stock then owned by such Fully-Exercising Investor bears to the total number of shares Common Stock then owned by all Fully-Exercising Investors (assuming for both the numerator and denominator of such calculation the exercise of all outstanding options and warrants and the conversion into Common Stock of all outstanding securities convertible into Common Stock, including the Voting Preferred Stock) who wish to purchase some of the unsubscribed Shares.

(c) If all Shares that Major Investors are entitled to obtain pursuant to subsection 2.4(b) are not elected to be obtained as provided in subsection 2.4(b) hereof, the Company may, during the 90-day period following the expiration of the period provided in subsection 2.4(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than that, and upon terms no more favorable to the offeree than those, specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within 60 days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) The right of first offer in this Section 2.4 shall not be applicable to (i) the issuance or sale of Common Stock (or options or warrants therefor) to employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their services pursuant to written plans or agreements approved by the Company's



Board of Directors; (ii) the issuance of Preferred Stock, Common Stock or the Warrants pursuant to the Purchase Agreement or Common Stock issued upon conversion of the Voting Preferred Stock issued pursuant to the Purchase Agreement or Voting Preferred Stock pursuant to the Warrants or Common Stock issued upon conversion of such Voting Preferred Stock; (iii) the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities outstanding as of the date hereof; (iv) the Company's first sale of its securities pursuant to its Initial Offering; (v) securities issued or issuable pursuant to real estate transactions, equipment lease financings or commercial lending arrangements, provided such issuances are primarily for other than equity financing purposes and are approved by the Board of Directors of the Company; (vi) securities issued pursuant to a stock dividend, stock split or similar reorganization; (vii) the issuance of securities in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise that is unanimously approved by the Company's Board of Directors; or (viii) the issuance of stock, warrants or other securities or rights to persons or entities pursuant to strategic transactions, provided such issuances are primarily for other than equity financing purposes and are approved by at least two-thirds of the members of the Board of Directors of the Company. In addition to the foregoing, the right of first offer in this Section 2.4 shall not be applicable with respect to any Investor in any subsequent offering of Shares if (i) at the time of such offering, the Investor is not an "accredited investor," as that term is then defined in Rule 501(a) of the Act and (ii) such offering of Shares is otherwise being offered only to accredited investors.

(e) The rights provided in this Section 2.4 may be assigned (but only with all related obligations) by a Major Investor to a transferee or assignee of such securities that (i) is a subsidiary, parent, partner, limited partner, retired partner, member, former member or stockholder of a Major Investor, (ii) is a Major Investor's family member or trust for the benefit of an individual Major Investor, or (iii) after such assignment or transfer, holds at least 50,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations or the like).

(f) The covenants set forth in this Section 2.4 shall terminate and be of no further force or effect upon the earlier to occur of the following: (i) the Initial Offering; or (ii) a Deemed Liquidation Event, as described and defined in the Certificate of Incorporation.

2.5 Proprietary Information and Inventions Agreements. The Company shall require all employees and consultants with access to confidential information to execute and deliver a Proprietary Information and Inventions Agreement or Consulting Agreement in substantially the form approved by the Company's Board of Directors.

2.6 Employee Agreements. Unless approved by the Board of Directors of the Company, all future employees of the Company who shall purchase, or receive options to purchase, shares of the Company's Common Stock following the date hereof shall be required to execute stock purchase or option agreements providing for (i) vesting of shares over a four-year period with the first 25% of such shares vesting following 12 months of continued employment or services, and the remaining shares vesting in equal monthly installments over the following 36 months thereafter and (ii) a lockup period in connection with the Company's Initial Offering as described in Section 1.13 hereof. Unless approved by the Board of Directors, the Company shall

retain a right of first refusal on transfers of shares of the Company's Common Stock held by employees and consultants until the Company's Initial Offering and shall retain the right to repurchase unvested shares of the Company's Common Stock at cost. In addition, if the Company does not elect to purchase or repurchase such shares, the Company shall assign the right to purchase or repurchase to the Investors pro rata, based upon the number of shares of Voting Preferred Stock (including shares of Common Stock issued upon conversion thereof) held by each.

2.7 Termination of Certain Covenants. The covenants set forth in Sections 2.5 and 2.6 shall terminate and be of no further force or effect upon the earlier to occur of the following: (i) the Initial Offering; or (ii) a Deemed Liquidation Event as described and defined in the Certificate of Incorporation.

3. Miscellaneous.

3.1 Successors and Assigns. Except as otherwise provided herein, this Agreement, and any and all rights, duties and obligations hereunder, shall not be assigned, transferred, delegated or sublicensed by any Investor without the prior written consent of the Company. Any attempt by an Investor without such permission to assign, transfer, delegate or sublicense any rights, duties or obligations that arise under this Agreement shall be void. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California and with respect to any disputes arising out of or related to this Agreement, the parties consent to the exclusive jurisdiction of, and venue in, the state courts in Santa Clara County in the State of California (or in the event of exclusive federal jurisdiction, the courts of the Northern District of California).

3.3 Counterparts. 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. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.



3.5 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) three days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at the addresses set forth on the signature pages attached hereto (or at such other addresses as shall be specified by notice given in accordance with this Section 3.5).

3.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.7 Entire Agreement; Terminations; Amendments and Waivers. This Agreement (including the Exhibits hereto, if any) constitutes the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof. Any term of this Agreement may be terminated or amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and the Holders of a majority of the Common Stock issuable or issued upon conversion of the Voting Preferred Stock, provided, however, that if such amendment or waiver adversely affects an Investor in a manner differently than the other Investors, the affirmative vote or written consent of such Investor shall be required. Any termination, amendment or waiver effected in accordance with this Section 3.7 shall be binding upon each Holder of any Registrable Securities, each future holder of all such Registrable Securities, and the Company, provided, however, that if such amendment or waiver adversely affects an Investor in a manner differently than the other Investors, the affirmative vote or written consent of such Investor shall be required.. The Company shall give prompt written notice of any termination, amendment or waiver hereunder to any party hereto that did not consent in writing to such termination, amendment or waiver. In the event that an underwriting agreement contains terms differing from this Agreement, as to any such Holder the terms of such underwriting agreement shall govern.

3.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

3.9 Aggregation of Stock. All shares of Registrable Securities or Voting Preferred Stock held or acquired by affiliated entities (including affiliated venture capital funds, immediate family members or trusts for the benefit of such immediate family

members) or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement. For the avoidance of doubt, RT Groos, LLC and Thomas T Groos Revocable Trust shall be affiliated entities purposes of this Agreement and all shares of Registrable Securities or Voting Preferred Stock held or acquired by them shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.



3.10 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company shall issue additional shares of its Series B-1 Preferred Stock, any acquiror 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 shall be deemed an "Investor" hereunder without any amendment of this Agreement pursuant to this paragraph or any consent or approval of any party hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



The parties have executed this Investors' Rights Agreement as of the date first above written.

**SHOTSPOTTER, INC.**

By: /s/ Ralph Clark
Ralph A. Clark
President and Chief Executive Officer

Address: 1060 Terra Bella Avenue
Mountain View, CA 94043-1881



The Parties have executed this Investors' Rights Agreement as of the date first above written.

**WESTLY CAPITAL PARTNERS FUND, L.P.**,
as nominee for itself and
Westly Capital Partners Affiliates Fund, L.P.

By: Westly Capital Associates, L.L.C.
Its: General Partner

By: /s/ Steve Westly

Title: Managing Partner

Address: 2200 Sand Hill Road
Suite 250
Menlo Park, CA 94025

Facsimile: (650) 362-2338



The Parties have executed this Investors' Rights Agreement as of the date first above written.

**NORWEST VENTURE PARTNERS X, LP**

By: Genesis VC Partners X, LLC
Its: General Partner

By: /s/ Matthew Howard

Matthew Howard

Address: 525 University Avenue
Suite 800
Palo Alto, CA 94301

Facsimile: (650) 321-9916



The Parties have executed this Investors' Rights Agreement as of the date first above written.

**LIFESAVERS I LLC**
By:
Its:

By: _____
Name:
Title:

**LIFESAVERS II LLC**
By:
Its:

By: /s/ Pascal N. Levensohn
Name: Pascal N. Levensohn
Title:

**LIFESAVERS III LLC**
By:
Its:

By: _____
Name:
Title:

**LIFESAVERS LLC**
By:
Its:

By: /s/ Pascal N. Levensohn
Name: Pascal N. Levensohn
Title:

**LEVENSOHN VENTURE PARTNERS III, L.P.**
By: Levensohn Venture Management III, L.L.C.
Its: General Partner

By: /s/ Pascal N. Levensohn
Pascal N. Levensohn, Managing Member

**LVP III ASSOCIATES FUND, L.P.**
By: Levensohn Venture Management III, L.L.C.
Its: General Partner

By: /s/ Pascal N. Levensohn
Pascal N. Levensohn, Managing Member

**LEVENSOHN INVESTMENTS**
By: Pascal N. Levensohn
Its: Managing Member

By: /s/ Pascal N. Levensohn
Name:
Title:

**LEVENSOHN VENTURE III ANNEX FUND, L.P.**
By: Levensohn Venture Management III, L.L.C.
Its: General Partner

By: /s/ Pascal N. Levensohn
Name: Pascal N. Levensohn
Title: Managing Member

**THE HRM TRUST 1997 U/A/D JUNE 17,1997**

By: /s/ Hamid R. Moghadam
Hamid R. Moghadam, Trustee

Address for Levensohn Venture Partners

INVESTORS' RIGHTS AGREEMENT

III, L.P., LVP Associates Fund, L.P.,
LifeSavers I LLC, Lifesavers II, LLC,
Lifesavers III, LLC, Lifesavers LLC and
Levensohn Investments.:
One Embarcadero Center, 29th Floor

San Francisco, CA 94111
Facsimile: (415) 723-7331

Address for Hamid Moghadam:
Hamid R. Moghadam, Trustee
The HRM Trust 1997 u/a/d/ June 17, 1997
Facsimile: (415) 477-2094

INVESTORS' RIGHTS AGREEMENT

The Parties have executed this Investors' Rights Agreement as of the date first above written.

**LAUDER PARTNERS LLC**

By: /s/ Gary Lauder
Name:
Title:

**THE GARY LAUDER REVOCABLE TRUST**

By: /s/ Gary Lauder
Name:
Title:

Address:

Facsimile: (650) 323-2171



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The Parties have executed this Investors' Rights Agreement as of the date first above written.

**LABRADOR VENTURES V-B, LP**

By: Labrador Management V-B, LLC
Its: General Partner

By: /s/ Stuart Davidson
Name: Stuart Davidson
Title: Managing Member

Address: 101 University Avenue, 4th Floor
Palo Alto, CA 94301

Facsimile: (650) 366-6430



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The Parties have executed this Investors' Rights Agreement as of the date first above written.

**CLAREMONT CREEK VENTURES, L.P.**

By: Claremont Creek Partners, LLC
Its: General Partner

By: /s/ Randy Hawks
Name: R. Hawks
Title: Managing Director

**CLAREMONT CREEK PARTNERS FUND, L.P.**

By: Claremont Creek Partners, LLC
Its: General Partner

By: /s/ Randy Hawks
Name: R. Hawks

Title: Managing Director

Address: 300 Frank H. Ogawa Plaza
Suite 350
Oakland, CA 94612

Facsimile: (510) 740-0270



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The Parties have executed this Investors' Rights Agreement as of the date first above written.

**RT GROOS, LLC**

By: /s/ Thomas T. Groos
Name: Thomas T. Groos
Title: Managing Member

Address: c/o Korte Consulting 15
Ionia St. SW Suite 505
Grand Rapids, MI 49503

Facsimile: (616) 915-5126

**THOMAS T GROOS REVOCABLE TRUST**

By: /s/ Thomas T. Groos
Name: Thomas T. Groos
Title: Trustee

Address: c/o Korte Consulting
15 Ionia St. SW Suite 505
Grand Rapids, MI 49503

Facsimile: (616) 915-5126



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**Exhibit A**

Investors:

Westly Capital Partners Fund, L.P.,

Norwest Venture Partners X, LP

Lifesavers I LLC

Lifesavers II LLC

Lifesavers III LLC

Lifesavers LLC

Levensohn Venture Partners III, L.P.

LVP III Associates Fund, L.P.

Levensohn Investments

Levensohn Venture III Annex Fund, L.P.

The HRM Trust 1997 u/a/d June 17,1997

Lauder Partners LLC

The Gary Lauder Revocable Trust

Labrador Ventures V-B, LP

Claremont Creek Ventures, L.P.

Claremont Creek Partners Fund, L.P.

RT Groos, LLC

Thomas T Groos Revocable Trust

**Exhibit 4.3**

**THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES UNDER THE ACT OR EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.**

**SHOTSPOTTER, INC.**

**WARRANT TO PURCHASE SERIES B-1 PREFERRED STOCK**

**No. PB1W-** **, 2012**

**VOID AFTER , 2019 (THE "*EXPIRATION DATE*")**

**THIS CERTIFIES THAT**, for value received, , or assigns (the "***Holder***"), is entitled to subscribe for and purchase from **SHOTSPOTTER, INC.**, a Delaware corporation, with its principal office at 1060 Terra Bella Avenue, Mountain View, CA 94043 (the "***Company***") ( ) Exercise Shares at the Exercise Price (each subject to adjustment as provided herein). This Warrant is being issued as one of a series of warrants (the "***Warrants***") pursuant to the terms of the Series B-1 Preferred Stock and Warrant Purchase Agreement, dated July 12, 2012, by and among the Company and the other parties named therein (the "***Purchase Agreement***").

**1. DEFINITIONS.** Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement. As used herein, the following terms shall have the following respective meanings:

**(a)** "***Exercise Period***" shall mean the period commencing with the date hereof and ending on , 2019, unless sooner terminated as provided below.

**(b)** "***Exercise Price***" shall mean $0.3451 per Exercise Share subject to adjustment pursuant to Sections 5 and 7 below.

**(c)** "***Exercise Shares***" shall mean shares of the Company's Series B-1 Preferred Stock issuable upon exercise of this Warrant.

**2. EXERCISE OF WARRANT.** The rights represented by this Warrant may be exercised in whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

**(a)** An executed Notice of Exercise in the form attached hereto;

**(b)** Payment of the Exercise Price either (i) in cash or by check, or (ii) by cancellation of indebtedness; and

**(c)** This Warrant.

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Upon the exercise of the rights represented by this Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates, shall be issued and delivered to the Holder within a reasonable time after the rights represented by this Warrant shall have been so exercised. In the event that this Warrant is being exercised for less than all of the then-current number of Exercise Shares purchasable hereunder, the Company shall, concurrently with the issuance by the Company of the number of Exercise Shares for which this Warrant is then being exercised, issue a new Warrant exercisable for the remaining number of Exercise Shares purchasable hereunder.

The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

**2.1 Net Exercise**. Notwithstanding any provisions herein to the contrary, if the fair market value of one Exercise Share is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant by payment of cash, the Holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company together with the properly endorsed Notice of Exercise, in which event the Company shall issue to the Holder a number of Exercise Shares computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

Where X = the number of Exercise Shares to be issued to the Holder

Y = the number of Exercise Shares purchasable under this Warrant or, if only a portion of this Warrant is being exercised, that portion of this Warrant being canceled (at the date of such calculation)

A = the fair market value of one Exercise Share (at the date of such calculation)

B = Exercise Price (as adjusted to the date of such calculation)

For purposes of the above calculation, if the Company's Common Stock is traded in a public market, the fair market value per share shall be the product of (i) the average of the closing prices of a share of Common Stock reported for the five business days immediately before Holder delivers its Notice of Exercise to the Company and (ii) the number of shares of Common Stock into which each Exercise Share is convertible at the time of such exercise provided, however, that in the event that this Warrant is exercised pursuant to this Section 2.1 in connection with the Company's initial public offering of its Common Stock, the fair market

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value per share shall be the product of (i) the per share offering price to the public of the Company's initial public offering, and (ii) the number of shares of Common Stock into which each Exercise Share is convertible at the time of such exercise. If the Company's Common Stock is not traded in a public market, the fair market value of one Exercise Share shall be determined by the Company's Board of Directors in good faith.

**3. COVENANTS OF THE COMPANY.**

**3.1 Covenants as to Exercise Shares.** The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of the series of equity securities comprising the Exercise Shares to provide for the exercise of the rights represented by this Warrant, including the right to convert the Exercise Shares into the Company's Common Stock. If at any time during the Exercise Period the number of authorized but unissued shares of such series of the Company's equity securities shall not be sufficient to permit exercise of this Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of such series of the Company's equity securities to such number of shares as shall be sufficient for such purposes.

**3.2 Notices of Record Date.** In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, the Company shall mail to the Holder, at least 10 days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

**4. REPRESENTATIONS OF HOLDER.**

**4.1 Acquisition of Warrant for Personal Account.** The Holder represents and warrants that it is acquiring this Warrant and the Exercise Shares solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Exercise Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of this Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

**4.2 Securities Are Not Registered.**

**(a)** The Holder understands that this Warrant and the Exercise Shares have not been registered under the Securities Act of 1933, as amended (the "***Act***"), on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the basis for the exemption may not be present if, notwithstanding its representations, the Holder has a present intention of acquiring the securities for a fixed or determinable period in the future, selling (in connection with a distribution or otherwise),

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granting any participation in, or otherwise distributing the securities. The Holder has no such present intention.

**(b)** The Holder recognizes that this Warrant and the Exercise Shares must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register this Warrant or the Exercise Shares of the Company, or to comply with any exemption from such registration.

**(c)** The Holder is aware that neither this Warrant nor the Exercise Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met, including, among other things, the existence of a public market for the shares, the availability of certain current public information about the Company, the resale following the required holding period under Rule 144 and the number of shares being sold during any three month period not exceeding specified limitations. Holder is aware that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company presently has no plans to satisfy these conditions in the foreseeable future.

**4.3 Disposition of Warrant and Exercise Shares.**

**(a)** The Holder further agrees not to make any disposition of all or any part of this Warrant or Exercise Shares in any event unless and until:

**(i)** The Company shall have received a letter secured by the Holder from the Securities and Exchange Commission stating that no action will be recommended to the Commission with respect to the proposed disposition;

**(ii)** There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with said registration statement; or

**(iii)** The Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, the Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, for the Holder to the effect that such disposition will not require registration of such Warrant or Exercise Shares under the Act or any applicable state securities laws. The Company agrees that it will not require an opinion of counsel with respect to transactions under Rule 144 of the Act, except in unusual circumstances.

**(b)** The Holder understands and agrees that all certificates evidencing the shares to be issued to the Holder may bear the following legend:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***ACT***"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE

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ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER THE ACT OR EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

**4.4 Accredited Investor Status.** The Holder is an "accredited investor" as defined in Regulation D promulgated under the Act.

**5. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF EXERCISE SHARES; ASSUMPTION OF WARRANT UPON ACQUISITION.**

**5.1 Changes in Securities.** In the event of changes in the series of equity securities of the Company comprising the Exercise Shares by reason of stock dividends, splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations, or the like, the number and class of Exercise Shares available under this Warrant in the aggregate and the Exercise Price shall be correspondingly adjusted to give the Holder of this Warrant, on exercise for the same aggregate Exercise Price, the total number, class, and kind of shares as the Holder would have owned had this Warrant been exercised prior to the event and had the Holder continued to hold such shares until after the event requiring adjustment. For purposes of this Section 5 and Section 7, the "***Aggregate Exercise Price***" shall mean the aggregate Exercise Price payable in connection with the exercise in full of this Warrant. The form of this Warrant need not be changed because of any adjustment in the number of Exercise Shares subject to this Warrant.

**5.2 Automatic Conversion.** Upon the automatic conversion of all outstanding shares of the series of equity securities comprising the Exercise Shares into Common Stock, this Warrant shall become exercisable for that number of shares of Common Stock of the Company into which the Exercise Shares would then be convertible, so long as such shares, if this Warrant had been exercised prior to such offering, would have been converted into shares of the Company's Common Stock pursuant to the Company's certificate of incorporation (as amended from time to time, the "***Certificate of Incorporation***"). In such case, all references to "Exercise Shares" shall mean shares of the Company's Common Stock issuable upon exercise of this Warrant, as appropriate.

**5.3 Acquisition**. For the purpose of this Warrant, "***Acquisition***" means (i) any sale, license, or other disposition of all or substantially all of the assets of Company, or (ii) any reorganization, consolidation, or merger of Company where the holders of Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing, and the Exercise Price shall be adjusted accordingly; provided that if pursuant to such Acquisition the entire outstanding class of Exercise Shares are cancelled and the total consideration payable to the holders of such class of Exercise Shares consists entirely of cash, then, upon payment to the Holder of an amount equal

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to the amount such Holder would receive if the Holder held Exercise Shares issuable upon exercise of the unexercised portion of this Warrant and such Exercise Shares were outstanding on the record date for the Acquisition less the Aggregate Exercise Price of such Exercise Shares, this Warrant shall be cancelled.

**5.4 No Impairment**. The Company shall not, by amendment of the Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms that the Company is to observe or perform under this Warrant, but shall at all times in good faith assist in carrying out of all the provisions of this Article 5 and in taking all such action as may be necessary or

appropriate to protect Holder's rights under this Article 5 against impairment.

**6. FRACTIONAL SHARES.** No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) to be issued upon exercise of this Warrant shall be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value, as defined in Section 2, of one Exercise Share by such fraction.

**7. REORGANIZATION.** In the event of, at any time during the Exercise Period, any capital reorganization of the capital stock of the Company (other than a change in par value or from par value to no par value or no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or a Liquidation Event, as described and defined in the Certificate of Incorporation (an "***Organic Change***"), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the Exercise Shares of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Exercise Shares equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby, and the Exercise Price shall be appropriately adjusted so that the Aggregate Exercise Price after such Organic Change shall be equal to the Aggregate Exercise Price immediately prior to such Organic Change.

**8. MARKET STAND-OFF AGREEMENT.** The Holder hereby agrees that it will not, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed 180 days or, if required by such managing underwriters, such longer period of time as is necessary to enable such underwriters to issue a research report or make a public appearance that relates to an earnings release or announcement by the Company within 17 days before or after the date that is 180 days after the effective date of the registration statement relating to the

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Initial Offering, but in any event not to exceed 210 days following the effective date of the registration statement relating to such offering) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately prior to the effectiveness of the Registration Statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 8 shall apply only to the Company's initial offering of equity securities, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers, directors and greater than 1% stockholders of the Company (all parties bound by such market standoffs the "***Restricted Stockholders***") enter into similar agreements. The underwriters in connection with the Company's initial offering are intended third-party beneficiaries of this Section 8 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Company's Initial Offering that are consistent with this Section 8 or that are necessary to give further effect thereto. If the Company or the representative of the underwriters waives or terminates the restrictive provisions of the market stand-off agreements of any of the other Restricted Stockholders, then such discretionary waiver or termination shall apply to all Restricted Stockholders on a pro rata basis based on the number of shares subject to such agreements and this Section 8.

**9. NO STOCKHOLDER RIGHTS.** This Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

**10. TRANSFER OF WARRANT.** Subject to applicable laws and the restriction on transfer set forth on the first page of this Warrant, this Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Warrant and the form of assignment attached hereto to any transferee designated by Holder. The transferee shall sign an investment letter in form and substance satisfactory to the Company.

**11. LOST, STOLEN, MUTILATED OR DESTROYED WARRANT.** If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

**12. AMENDMENT.** Any term of this Warrant may be amended or waived with the written consent of the Company and Holders of Warrants representing a majority of the Exercise Shares acquirable under the outstanding Warrants provided that all Warrants are similarly affected. Upon the effectuation of such amendment or waiver in conformance with this Section

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12, the Company shall promptly give written notice thereof to the record holders of the Warrants who have not previously consented thereto in writing.

**13. NOTICES, ETC.** All notices required or permitted hereunder shall be in writing and shall be deemed effectively given:

(a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at the address listed on the signature page and to Holder at the address specified for notices under the Purchase Agreement or at such other address as the Company or Holder may designate by 10 days' advance written notice to the other parties hereto.

**14. NOTICE OF EXPIRATION**. The Company shall give the Holder written notice of the Holder's right to exercise this Warrant in the form attached hereto not more than 90 days and not less than 15 days before the Expiration Date. If the notice is not so given, the Expiration Date shall automatically be extended until 15 days after the date that the Company delivers the notice to the Holder.

**15. ACCEPTANCE.** Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

**16. GOVERNING LAW.** This Warrant and all rights, obligations and liabilities hereunder shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California without giving effect to conflicts of laws principles.

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The Company has caused this Warrant to be executed by its duly authorized officer as of , 2012.

**SHOTSPOTTER, INC.**

By: _____
Ralph A. Clark
President and Chief Executive Officer

Address: 1060 Terra Bella Avenue
Mountain View, CA 94043-1881

SERIES B-1 WARRANT

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**NOTICE OF EXERCISE**

**TO: SHOTSPOTTER, INC.**

**(1)** ☐ The undersigned hereby elects to purchase shares of (the "***Exercise Shares***") of **ShotSpotter, Inc.** (the "***Company***") pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

☐ The undersigned hereby elects to purchase shares of (the "***Exercise Shares***") of **ShotSpotter, Inc.** (the "***Company***") pursuant to the terms of the net exercise provisions set forth in Section 2.1 of the attached Warrant, and shall tender payment of all applicable transfer taxes, if any.

**(2)** Please issue a certificate or certificates representing said Exercise Shares in the name of the undersigned or in such other name as is specified below:

_____
(Name)

(Address)

**(3)** The undersigned represents that (i) the aforesaid Exercise 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; (ii) the undersigned is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests; (iv) the undersigned understands that Exercise Shares issuable upon exercise of this Warrant have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), by reason of a specific exemption from the registration provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available; (v) the undersigned is aware that the aforesaid Exercise Shares may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until the undersigned has held the shares for the number of years prescribed by Rule 144, that among the conditions for use of the Rule is the availability of current information to the public about the Company and the Company has not made such information available and has no present plans to do so; and (vi) the undersigned agrees not to make any disposition of all or any part of the aforesaid shares of

Exercise Shares unless and until there is then in effect a registration statement under the Securities Act covering such proposed

disposition and such disposition is made in accordance with said registration statement, or, if reasonably requested by the Company, the undersigned has provided the Company with an opinion of counsel satisfactory to the Company, stating that such registration is not required.

(Date) (Signature)

(Print name)

**ASSIGNMENT FORM**

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

**FOR VALUE RECEIVED**, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Dated: , 20

Holder's Signature: _____

Holder's Address: _____

**NOTE**: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

**NOTICE THAT WARRANT IS ABOUT TO EXPIRE**

[Insert Date of Notice]

To:

The Warrant issued to you described below will expire on July , 2019.

Issuer: Shotspotter, Inc.

Issue Date: , 2012

Class of Security Issuable: Series B-1 Preferred Stock

Exercise Price per Share: $

Number of Shares Issuable:

Procedure for Exercise:

Please contact at ( ) - with any questions you may have concerning exercise of the Warrant. This is your only notice of pending expiration.

Shotspotter, Inc.

By _____

Its: _____

**Exhibit 4.4**

**THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES UNDER THE ACT OR EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.**

**SHOTSPOTTER, INC.**

**WARRANT TO PURCHASE SERIES B-1 PREFERRED STOCK**

**No. PB1W-15** **August 31, 2012**

**VOID AFTER AUGUST 31, 2019 (THE "*EXPIRATION DATE*")**

**THIS CERTIFIES THAT**, for value received, Motorola Solutions, Inc., with its principal office at 1303 E. Algonquin Road, Schaumburg, Illinois 60196, or its permitted assigns (the "***Holder***"), is entitled to subscribe for and purchase from **SHOTSPOTTER, INC.**, a Delaware corporation, with its principal office at 7979 Gateway Blvd., Ste. 210, Newark, CA 94560 (the "***Company***") a number of Exercise Shares equal to 0.5 multiplied by the number of shares of Series B-1 Preferred Stock purchased by Holder for cash in the Company's Series B-1 Preferred Stock financing at the Exercise Price (each subject to adjustment as provided herein).

**1. DEFINITIONS.** Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement. As used herein, the following terms shall have the following respective meanings:

**(a)** "***Exercise Period***" shall mean the period commencing with the date hereof and ending on August 31, 2019, unless sooner terminated as provided below.

**(b)** "***Exercise Price***" shall mean $0.3451 per Exercise Share subject to adjustment pursuant to Sections 5 and 7 below.

**(c)** "***Exercise Shares***" shall mean shares of the Company's Series B-1 Preferred Stock issuable upon exercise of this Warrant.

**2. EXERCISE OF WARRANT.**

**2.1 General.** This warrant will become exercisable with respect to 25% of the Exercise Shares upon the issuance by the Holder (or jointly with the Company) of a press release announcing the closing of the Holder's investment in the Company (which press release will be subject to the Company's prior approval, which will not be unreasonably withheld). This warrant will become exercisable with respect to up to the remaining 75% of the Exercise Shares (the "***Performance Portion***") on August 31, 2014 (the "***Performance Vesting Date***") based on the amount of Annual Recurring Revenue (as defined below) at such time, with the full Performance Portion vesting if there is $7.5 million or more in Annual Recurring Revenue at such time and a pro-rated amount of the Performance Portion vesting if there is greater than $0 but less than $7.5 million in Annual Recurring Revenue at such time. Any unvested portion of the warrant shall

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expire on the Performance Vesting Date. "Annual Recurring Revenue" means the total subscription service payments paid or payable to the Company for one year (net of any discounts) contained in non-cancelable purchase orders issued by Motorola Solutions, Inc. to the Company prior to the Performance Vesting Date pursuant to the Subscription Service Reseller Agreement dated July 31, 2012 between Motorola Solutions, Inc. and the Company, and other written reseller agreements that may be entered into between Motorola Solutions, Inc. and the Company. Annual Recurring Revenue does not include one-time charges such as set-up fees. From the date of this warrant until the Performance Vesting Date, the Company will report Annual Recurring Revenue to Motorola Solutions, Inc. on at least a quarterly basis.

The rights represented by this Warrant may be exercised to the extent vested in whole or in part at any time by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

**(a)** An executed Notice of Exercise in the form attached hereto;

**(b)** Payment of the Exercise Price either (i) in cash or by check, or (ii) by cancellation of indebtedness; and

**(c)** This Warrant.

Upon the exercise of the rights represented by this Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates, shall be issued and delivered to the Holder within a reasonable time after the rights represented by this Warrant shall have been so exercised. In the event that this Warrant is being exercised for less than all of the then-current number of Exercise Shares purchasable hereunder, the Company shall, concurrently with the

issuance by the Company of the number of Exercise Shares for which this Warrant is then being exercised, issue a new Warrant exercisable for the remaining number of Exercise Shares purchasable hereunder. On the Performance Vesting Date, any unvested portion of this Warrant shall expire.

The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

**2.2 Net Exercise**. Notwithstanding any provisions herein to the contrary, if the fair market value of one Exercise Share is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant by payment of cash, the Holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company together with the properly endorsed Notice of Exercise, in which event the Company shall issue to the Holder a number of Exercise Shares computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

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Where X = the number of Exercise Shares to be issued to the Holder

Y = the number of Exercise Shares purchasable under this Warrant or, if only a portion of this Warrant is being exercised, that portion of this Warrant being canceled (at the date of such calculation)

A = the fair market value of one Exercise Share (at the date of such calculation)

B = Exercise Price (as adjusted to the date of such calculation)

For purposes of the above calculation, if the Company's Common Stock is traded in a public market, the fair market value per share shall be the product of (i) the average of the closing prices of a share of Common Stock reported for the five business days immediately before Holder delivers its Notice of Exercise to the Company and (ii) the number of shares of Common Stock into which each Exercise Share is convertible at the time of such exercise provided, however, that in the event that this Warrant is exercised pursuant to this Section 2.1 in connection with the Company's initial public offering of its Common Stock, the fair market value per share shall be the product of (i) the per share offering price to the public of the Company's initial public offering, and (ii) the number of shares of Common Stock into which each Exercise Share is convertible at the time of such exercise. If the Company's Common Stock is not traded in a public market, the fair market value of one Exercise Share shall be determined by the Company's Board of Directors in good faith.

**3. COVENANTS OF THE COMPANY.**

**3.1 Covenants as to Exercise Shares.** The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of the series of equity securities comprising the Exercise Shares to provide for the exercise of the rights represented by this Warrant, including the right to convert the Exercise Shares into the Company's Common Stock. If at any time during the Exercise Period the number of authorized but unissued shares of such series of the Company's equity securities shall not be sufficient to permit exercise of this Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of such series of the Company's equity securities to such number of shares as shall be sufficient for such purposes.

**3.2 Notices of Record Date.** In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, the Company shall mail to the

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Holder, at least 10 days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

**4. REPRESENTATIONS OF HOLDER.**

**4.1 Acquisition of Warrant for Personal Account.** The Holder represents and warrants that it is acquiring this Warrant and the Exercise Shares solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Exercise Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of this Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

**4.2 Securities Are Not Registered.**

**(a)** The Holder understands that this Warrant and the Exercise Shares have not been registered under the Securities Act of 1933, as amended (the "Act"), on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the basis for the exemption may not be present if, notwithstanding its representations, the Holder has a present intention of acquiring the securities for a fixed or determinable period in the future, selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the securities. The Holder has no such present intention.

**(b)** The Holder recognizes that this Warrant and the Exercise Shares must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register this Warrant or the Exercise Shares of the Company, or to comply with any exemption from such registration.

**(c)** The Holder is aware that neither this Warrant nor the Exercise Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met, including, among other things, the existence of a public market for the shares, the availability of certain current public information about the Company, the resale following the required holding period under Rule 144 and the number of shares being sold during any three month period not exceeding specified limitations. Holder is aware that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company presently has no plans to satisfy these conditions in the foreseeable future.

**4.3 Disposition of Warrant and Exercise Shares.**

**(a)** The Holder further agrees not to make any disposition of all or any part of this Warrant or Exercise Shares in any event unless and until:

**(i)** The Company shall have received a letter secured by the Holder from the Securities and Exchange Commission stating that no action will be recommended to the Commission with respect to the proposed disposition;

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**(ii)** There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with said registration statement; or

**(iii)** The Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, the Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, for the Holder to the effect that such disposition will not require registration of such Warrant or Exercise Shares under the Act or any applicable state securities laws. The Company agrees that it will not require an opinion of counsel with respect to transactions under Rule 144 of the Act, except in unusual circumstances.

**(b)** The Holder understands and agrees that all certificates evidencing the shares to be issued to the Holder may bear the following legend:

> THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***ACT***"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER THE ACT OR EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

**4.4 Accredited Investor Status.** The Holder is an "accredited investor" as defined in Regulation D promulgated under the Act.

**5. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF EXERCISE SHARES; ASSUMPTION OF WARRANT UPON ACQUISITION.**

**5.1 Changes in Securities.** In the event of changes in the series of equity securities of the Company comprising the Exercise Shares by reason of stock dividends, splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations, or the like, the number and class of Exercise Shares available under this Warrant in the aggregate and the Exercise Price shall be correspondingly adjusted to give the Holder of this Warrant, on exercise for the same aggregate Exercise Price, the total number, class, and kind of shares as the Holder would have owned had this Warrant been exercised prior to the event and had the Holder continued to hold such shares until after the event requiring adjustment. For purposes of this Section 5 and Section 7, the "***Aggregate Exercise Price***" shall mean the aggregate Exercise Price payable in connection with the exercise in full of this Warrant. The form of this Warrant need not be changed because of any adjustment in the number of Exercise Shares subject to this Warrant.

**5.2 Automatic Conversion.** Upon the automatic conversion of all outstanding shares of the series of equity securities comprising the Exercise Shares into Common Stock, this Warrant shall become exercisable for that number of shares of Common Stock of the Company into which the Exercise Shares would then be convertible, so long as such shares, if this Warrant had been exercised prior to such offering, would have been converted into shares of the

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Company's Common Stock pursuant to the Company's certificate of incorporation (as amended from time to time, the "***Certificate of Incorporation***"). In such case, all references to "Exercise Shares" shall mean shares of the Company's Common Stock issuable upon

exercise of this Warrant, as appropriate.

**5.3 Acquisition**. For the purpose of this Warrant, "***Acquisition***" means (i) any sale, license, or other disposition of all or substantially all of the assets of Company, or (ii) any reorganization, consolidation, or merger of Company where the holders of Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing, and the Exercise Price shall be adjusted accordingly; provided that if pursuant to such Acquisition the entire outstanding class of Exercise Shares are cancelled and the total consideration payable to the holders of such class of Exercise Shares consists entirely of cash, then, upon payment to the Holder of an amount equal to the amount such Holder would receive if the Holder held Exercise Shares issuable upon exercise of the unexercised portion of this Warrant and such Exercise Shares were outstanding on the record date for the Acquisition less the Aggregate Exercise Price of such Exercise Shares, this Warrant shall be cancelled.

**5.4 No Impairment**. The Company shall not, by amendment of the Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms that the Company is to observe or perform under this Warrant, but shall at all times in good faith assist in carrying out of all the provisions of this Article 5 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article 5 against impairment.

**6. FRACTIONAL SHARES.** No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) to be issued upon exercise of this Warrant shall be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value, as defined in Section 2, of one Exercise Share by such fraction.

**7. REORGANIZATION.** In the event of, at any time during the Exercise Period, any capital reorganization of the capital stock of the Company (other than a change in par value or from par value to no par value or no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or a Liquidation Event, as described and defined in the Certificate of Incorporation (an "***Organic Change***"), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the Exercise Shares of the Company immediately theretofore purchasable and receivable upon the exercise of the rights

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represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Exercise Shares equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby, and the Exercise Price shall be appropriately adjusted so that the Aggregate Exercise Price after such Organic Change shall be equal to the Aggregate Exercise Price immediately prior to such Organic Change.

**8. MARKET STAND-OFF AGREEMENT.** The Holder hereby agrees that it will not, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed 180 days or, if required by such managing underwriters, such longer period of time as is necessary to enable such underwriters to issue a research report or make a public appearance that relates to an earnings release or announcement by the Company within 17 days before or after the date that is 180 days after the effective date of the registration statement relating to the Initial Offering, but in any event not to exceed 210 days following the effective date of the registration statement relating to such offering) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately prior to the effectiveness of the Registration Statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 8 shall apply only to the Company's initial offering of equity securities, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers, directors and greater than 1% stockholders of the Company (all parties bound by such market standoffs the "***Restricted Stockholders***") enter into similar agreements. The underwriters in connection with the Company's initial offering are intended third-party beneficiaries of this Section 8 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Company's Initial Offering that are consistent with this Section 8 or that are necessary to give further effect thereto. If the Company or the representative of the underwriters waives or terminates the restrictive provisions of the market stand-off agreements of any of the other Restricted Stockholders, then such discretionary waiver or termination shall apply to all Restricted Stockholders on a pro rata basis based on the number of shares subject to such agreements and this Section 8.

**9. NO STOCKHOLDER RIGHTS.** This Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

**10. TRANSFER OF WARRANT.** This Warrant and all rights hereunder are not transferable by the Holder other than to any entity that is controlled by Motorola Solutions, Inc.

**11. LOST, STOLEN, MUTILATED OR DESTROYED WARRANT.** If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms as to indemnity or otherwise as

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it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

**12. AMENDMENT.** Any term of this Warrant may be amended or waived with the written consent of the Company and the Holder.

**13. NOTICES, ETC.** All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at the address listed on the signature page and to Holder at the address specified for notices under the Purchase Agreement or at such other address as the Company or Holder may designate by 10 days' advance written notice to the other parties hereto.

**14. ACCEPTANCE.** Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

**15. GOVERNING LAW.** This Warrant and all rights, obligations and liabilities hereunder shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California without giving effect to conflicts of laws principles.

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The Company has caused this Warrant to be executed by its duly authorized officer as of August 31, 2012.

**SHOTSPOTTER, INC.**

By: _____
Ralph A. Clark
President and Chief Executive Officer

Address: 7979 Gateway Blvd., Ste. 210
Newark, CA 94560

MOTOROLA WARRANT

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**NOTICE OF EXERCISE**

**TO: SHOTSPOTTER, INC.**

**(1)** ☐ The undersigned hereby elects to purchase shares of (the "***Exercise Shares***") of **ShotSpotter, Inc.** (the "***Company***") pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

☐ The undersigned hereby elects to purchase shares of (the "***Exercise Shares***") of **ShotSpotter, Inc.** (the "***Company***") pursuant to the terms of the net exercise provisions set forth in Section 2.2 of the attached Warrant, and shall tender payment of all applicable transfer taxes, if any.

**(2)** Please issue a certificate or certificates representing said Exercise Shares in the name of the undersigned or in such other name as is specified below:

_____
(Name)

(Address)

**(3)** The undersigned represents that (i) the aforesaid Exercise 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; (ii) the undersigned is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in

the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests; (iv) the undersigned understands that Exercise Shares issuable upon exercise of this Warrant have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), by reason of a specific exemption from the registration provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available; (v) the undersigned is aware that the aforesaid Exercise Shares may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until the undersigned has held the shares for the number of years prescribed by Rule 144, that among the conditions for use of the Rule is the availability of current information to the public about the Company and the Company has not made such information available and has no present plans to do so; and (vi) the undersigned agrees not to make any disposition of all or any part of the aforesaid shares of Exercise Shares unless and until

there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement, or, if reasonably requested by the Company, the undersigned has provided the Company with an opinion of counsel satisfactory to the Company, stating that such registration is not required.

(Date) (Signature)

(Print name)

**ASSIGNMENT FORM**

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

**FOR VALUE RECEIVED**, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Dated: , 20

Holder's Signature: _____

Holder's Address: _____

**NOTE**: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

**Exhibit 4.5**

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

**WARRANT TO PURCHASE STOCK**

**Company: SHOTSPOTTER, INC.**, a Delaware corporation

**Number of Shares: 178,800**

**Type/Series of Stock: Series B-1 Preferred**

**Warrant Price: $0.3451 per share**

**Issue Date: November , 2012**

**Expiration Date: November , 2022 See also Section 5.1(b).**

**Credit Facility:** This Warrant to Purchase Stock ("**Warrant**") is issued in connection with that certain Loan and Security Agreement and that certain EXIM Loan and Security Agreement, both between Company and Silicon Valley Bank dated of even date herewith.

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SILICON VALLEY BANK (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "**Holder**") is entitled to purchase the number of fully paid and non-assessable shares (the "**Shares**") of the above-stated Type/Series of Stock (the "**Class**") of the above-named company (the "**Company**") at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. Reference is made to Section 5.4 of this Warrant whereby Silicon Valley Bank shall transfer this Warrant to its parent company, SVB Financial Group.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the

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value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**") and the Class is common stock, the fair market value of a Share shall be the closing price or last sale price of a share of common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is then traded in a Trading Market and the Class is a series of the Company's convertible preferred stock, the fair market value of a Share shall be the closing price or last sale price of a share of the Company's common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company multiplied by the number of shares of

the Company's common stock into which a Share is then convertible. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.



1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "**Acquisition**" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or 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 (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than seven (7) Business Days prior to the closing of the proposed Cash/Public Acquisition. In the event the Company does not provide such notice, then if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder and Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition defined above, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting



requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) Holder would be able to publicly re-sell, within six (6) months following the closing of such Acquisition, all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the

outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 Conversion of Preferred Stock. In the event that all outstanding shares of the Class are converted, automatically or by action of the holders thereof, into common stock pursuant to the provisions of the Company's Certificate of Incorporation, including, without limitation, in connection with the Company's initial, underwritten public offering and sale of its common stock pursuant to an effective registration statement under the Act (the "**IPO**"), then from and after the date on which all outstanding shares of the Class have been so converted, this Warrant shall be exercisable for such number of shares of common stock into which the Shares would have been converted had the Shares been outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect as of immediately prior to such conversion divided by the number of shares of common stock into which one Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.



2.4 Adjustments for Diluting Issuances. Without duplication of any adjustment otherwise provided for in this Section 2, the number of shares of common stock issuable upon conversion of the Shares shall be subject to anti-dilution adjustment from time to time in the manner set forth in the Company's Articles or Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment.

2.5 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.6 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than the price per share at which shares of the Class were last sold and issued prior to the Issue Date hereof in an arms-length transaction in which at least $500,000 of such shares were sold.

(b) All Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;



(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;

(d) effect an Acquisition or to liquidate, dissolve or wind up; or

(e) effect an IPO;

then, in connection with each such event, the Company shall give Holder:

(1) in the case of the matters referred to in (a) and (b) above at least seven (7) Business Days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above;

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event); and

(3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

3.3 Registration Under Securities Act of 1933, as amended. The Company agrees that the Shares or, if the Shares are convertible into common stock of the Company, such common stock, shall have certain "piggyback" and "S-3" registration rights in parity with the investors pursuant to and as set forth in the Company's Investors' Rights Agreement dated July 12, 2012 (the "**Investor Rights Agreement**"). The provisions set forth in the Investor Rights Agreement or similar agreement relating to the above in effect as of the Issue Date may not be amended, modified or waived without the prior written consent of Holder unless such amendment, modification or waiver affects the "piggyback" and "S-3" registration rights associated with the Shares in the same manner as such amendment, modification, or waiver affects the rights associated with all other shares of the same series and class as the Shares granted to Holder.



SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. 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.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have 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. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the Market Standoff provisions in Section 1.13 of the Investor Rights Agreement or similar agreement.

4.7 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.



SECTION 5. MISCELLANEOUS.

5.1 Term and Automatic Conversion Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Pacific time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. The Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

> THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO SILICON VALLEY BANK DATED NOVEMBER , 2012, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to SVB Financial Group (Silicon Valley Bank's parent company) or any other affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.



5.4 Transfer Procedure. After receipt by Silicon Valley Bank of the executed Warrant, Silicon Valley Bank will transfer all of this Warrant to its parent company, SVB Financial Group. By its acceptance of this Warrant, SVB Financial Group hereby makes to the Company each of the representations and warranties set forth in Section 4 hereof and agrees to be bound by all of the terms and conditions of this Warrant as if the original Holder hereof. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, SVB Financial Group or any subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee other than SVB Financial Group shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant. Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, or any shares or other securities issued upon any conversion of any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HA 200

Santa Clara, CA 95054
Telephone: 408-654-7400
Facsimile: 408-496-2405
Email address: warradmi@svb.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

ShotSpotter, Inc.
Attn: Vice President, Finance
7979 Gateway Blvd., Suite 210
Newark, California 94560
Telephone: (510) 794-3100
Facsimile: (650) 887-2106



5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorney's Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Silicon Valley Bank is closed.

[Remainder of page left blank intentionally]
[Signature page follows]



IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

SHOTSPOTTER, INC.

By: _____

Name: _____
(Print)

Title:

"HOLDER"

SILICON VALLEY BANK

By: _____

Name: _____
(Print)

Title:

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right purchase shares of the Common/Series Preferred [circle one] Stock of (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

[ ] check in the amount of $ payable to order of the Company enclosed herewith

[ ] Wire transfer of immediately available funds to the Company's account

[ ] Cashless Exercise pursuant to Section 1.2 of the Warrant

[ ] Other [Describe]

2. Please issue a certificate or certificates representing the Shares in the name specified below:

_____

Holder's Name

(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

_____

By: _____

Name: _____

Title: _____

(Date): _____

**Exhibit 4.6**

**THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES UNDER THE ACT OR EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.**

**SHOTSPOTTER, INC.**

**WARRANT TO PURCHASE SERIES B-1 PREFERRED STOCK**

**No. PB1W-_** **, 2014**

**VOID AFTER 2021 (THE "*EXPIRATION DATE*")**

**THIS CERTIFIES THAT**, for value received, or assigns (the "***Holder***"), is entitled to subscribe for and purchase from **SHOTSPOTTER, INC.**, a Delaware corporation, with its principal office at 7979 Gateway Blvd., Suite 210, Newark, CA 94560 (the "***Company***") ( ) Exercise Shares at the Exercise Price (each subject to adjustment as provided herein). This Warrant is being issued as one of a series of warrants (the "***Warrants***") pursuant to the terms of the Series B-1 Preferred Stock and Warrant Purchase Agreement, dated February 14, 2014, by and among the Company and the other parties named therein (the "***Purchase Agreement***").

**1. DEFINITIONS.** Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement. As used herein, the following terms shall have the following respective meanings:

**(a)** "***Exercise Period***" shall mean the period commencing with the date hereof and ending on the Expiration Date, unless sooner terminated as provided below.

**(b)** "***Exercise Price***" shall mean $0.01 per Exercise Share subject to adjustment pursuant to Sections 5 and 7 below.

**(c)** "***Exercise Shares***" shall mean shares of the Company's Series B-1 Preferred Stock issuable upon exercise of this Warrant.

**2. EXERCISE OF WARRANT.** The rights represented by this Warrant may be exercised in whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

**(a)** An executed Notice of Exercise in the form attached hereto;

**(b)** Payment of the Exercise Price either (i) in cash or by check, or (ii) by cancellation of indebtedness; and

**(c)** This Warrant.



Upon the exercise of the rights represented by this Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates, shall be issued and delivered to the Holder within a reasonable time after the rights represented by this Warrant shall have been so exercised. In the event that this Warrant is being exercised for less than all of the then-current number of Exercise Shares purchasable hereunder, the Company shall, concurrently with the issuance by the Company of the number of Exercise Shares for which this Warrant is then being exercised, issue a new Warrant exercisable for the remaining number of Exercise Shares purchasable hereunder.

The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

**2.1 Net Exercise**. Notwithstanding any provisions herein to the contrary, if the fair market value of one Exercise Share is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant by payment of cash, the Holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company together with the properly endorsed Notice of Exercise, in which event the Company shall issue to the Holder a number of Exercise Shares computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

Where X = the number of Exercise Shares to be issued to the Holder

Y = the number of Exercise Shares purchasable under this Warrant or, if only a portion of this Warrant is being exercised, that portion of this Warrant being canceled (at the date of such calculation)

A = the fair market value of one Exercise Share (at the date of such calculation)

B = Exercise Price (as adjusted to the date of such calculation)

For purposes of the above calculation, if the Company's Common Stock is traded in a public market, the fair market value per share shall be the product of (i) the average of the closing prices of a share of Common Stock reported for the five business days immediately before Holder delivers its Notice of Exercise to the Company and (ii) the number of shares of Common Stock into which each Exercise Share is convertible at the time of such exercise provided, however, that in the event that this Warrant is exercised pursuant to this Section 2.1 in connection with the Company's initial public offering of its Common Stock, the fair market value per share shall be the product of (i) the per share offering price to the public of the Company's initial public offering, and (ii) the number of shares of Common Stock into which



each Exercise Share is convertible at the time of such exercise. If the Company's Common Stock is not traded in a public market, the fair market value of one Exercise Share shall be determined by the Company's Board of Directors in good faith.

**3. COVENANTS OF THE COMPANY.**

**3.1 Covenants as to Exercise Shares.** The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will, at all times during the Exercise Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of the series of equity securities comprising the Exercise Shares to provide for the exercise of the rights represented by this Warrant, including the right to convert the Exercise Shares into the Company's Common Stock. If at any time during the Exercise Period the number of authorized but unissued shares of such series of the Company's equity securities shall not be sufficient to permit exercise of this Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of such series of the Company's equity securities to such number of shares as shall be sufficient for such purposes.

**3.2 Notices of Record Date.** In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, the Company shall mail to the Holder, at least 10 days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

**4. REPRESENTATIONS OF HOLDER.**

**4.1 Acquisition of Warrant for Personal Account.** The Holder represents and warrants that it is acquiring this Warrant and the Exercise Shares solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Exercise Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of this Warrant and Exercise Shares the Holder is acquiring is being acquired for, and will be held for, its account only.

**4.2 Securities Are Not Registered.**

**(a)** The Holder understands that this Warrant and the Exercise Shares have not been registered under the Securities Act of 1933, as amended (the "***Act***"), on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the basis for the exemption may not be present if, notwithstanding its representations, the Holder has a present intention of acquiring the securities for a fixed or determinable period in the future, selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the securities. The Holder has no such present intention.

**(b)** The Holder recognizes that this Warrant and the Exercise Shares



must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register this Warrant or the Exercise Shares of the Company, or to comply with any exemption from such registration.

**(c)** The Holder is aware that neither this Warrant nor the Exercise Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met, including, among other things, the existence of a public market for the shares, the availability of certain current public information about the Company, the resale following the required holding period under Rule 144 and the number of shares being sold during any three month period not exceeding specified limitations. Holder is aware that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company presently has no plans to satisfy these conditions

in the foreseeable future.

**4.3 Disposition of Warrant and Exercise Shares.**

**(a)** The Holder further agrees not to make any disposition of all or any part of this Warrant or Exercise Shares in any event unless and until:

**(i)** The Company shall have received a letter secured by the Holder from the Securities and Exchange Commission stating that no action will be recommended to the Commission with respect to the proposed disposition;

**(ii)** There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with said registration statement; or

**(iii)** The Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, the Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, for the Holder to the effect that such disposition will not require registration of such Warrant or Exercise Shares under the Act or any applicable state securities laws. The Company agrees that it will not require an opinion of counsel with respect to transactions under Rule 144 of the Act, except in unusual circumstances.

**(b)** The Holder understands and agrees that all certificates evidencing the shares to be issued to the Holder may bear the following legend:

> THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***ACT***"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER THE ACT OR EVIDENCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

**4.4 Accredited Investor Status.** The Holder is an "accredited investor" as defined in Regulation D promulgated under the Act.



**5. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF EXERCISE SHARES; ASSUMPTION OF WARRANT UPON ACQUISITION.**

**5.1 Changes in Securities.** In the event of changes in the series of equity securities of the Company comprising the Exercise Shares by reason of stock dividends, splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations, or the like, the number and class of Exercise Shares available under this Warrant in the aggregate and the Exercise Price shall be correspondingly adjusted to give the Holder of this Warrant, on exercise for the same aggregate Exercise Price, the total number, class, and kind of shares as the Holder would have owned had this Warrant been exercised prior to the event and had the Holder continued to hold such shares until after the event requiring adjustment. For purposes of this Section 5 and Section 7, the "***Aggregate Exercise Price***" shall mean the aggregate Exercise Price payable in connection with the exercise in full of this Warrant. The form of this Warrant need not be changed because of any adjustment in the number of Exercise Shares subject to this Warrant.

**5.2 Automatic Conversion.** Upon the automatic conversion of all outstanding shares of the series of equity securities comprising the Exercise Shares into Common Stock, this Warrant shall become exercisable for that number of shares of Common Stock of the Company into which the Exercise Shares would then be convertible, so long as such shares, if this Warrant had been exercised prior to such offering, would have been converted into shares of the Company's Common Stock pursuant to the Company's certificate of incorporation (as amended from time to time, the "***Certificate of Incorporation***"). In such case, all references to "Exercise Shares" shall mean shares of the Company's Common Stock issuable upon exercise of this Warrant, as appropriate.

**5.3 Acquisition**. For the purpose of this Warrant, "***Acquisition***" means (i) any sale, license, or other disposition of all or substantially all of the assets of Company, or (ii) any reorganization, consolidation, or merger of Company where the holders of Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing, and the Exercise Price shall be adjusted accordingly; provided that if pursuant to such Acquisition the entire outstanding class of Exercise Shares are cancelled and the total consideration payable to the holders of such class of Exercise Shares consists entirely of cash, then, upon payment to the Holder of an amount equal to the amount such Holder would receive if the Holder held Exercise Shares issuable upon exercise of the unexercised portion of this Warrant and such Exercise Shares were outstanding on the record date for the Acquisition less the Aggregate Exercise Price of such Exercise Shares, this Warrant shall be cancelled.

**5.4 No Impairment**. The Company shall not, by amendment of the Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms that the Company is to observe or perform under

this Warrant, but shall at all times in good faith assist in carrying out of all the provisions of this Article 5 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article 5 against impairment.

**6. FRACTIONAL SHARES.** No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) to be issued upon exercise of this Warrant shall be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value, as defined in Section 2, of one Exercise Share by such fraction.

**7. REORGANIZATION.** In the event of, at any time during the Exercise Period, any capital reorganization of the capital stock of the Company (other than a change in par value or from par value to no par value or no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or a Liquidation Event, as described and defined in the Certificate of Incorporation (an "***Organic Change***"), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the Exercise Shares of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Exercise Shares equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby, and the Exercise Price shall be appropriately adjusted so that the Aggregate Exercise Price after such Organic Change shall be equal to the Aggregate Exercise Price immediately prior to such Organic Change.

**8. MARKET STAND-OFF AGREEMENT.** The Holder hereby agrees that it will not, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed 180 days or, if required by such managing underwriters, such longer period of time as is necessary to enable such underwriters to issue a research report or make a public appearance that relates to an earnings release or announcement by the Company within 17 days before or after the date that is 180 days after the effective date of the registration statement relating to the Initial Offering, but in any event not to exceed 210 days following the effective date of the registration statement relating to such offering) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately prior to the effectiveness of the Registration Statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 8 shall apply only to the Company's initial offering of equity securities, shall not apply to the sale of any shares to an



underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers, directors and greater than 1% stockholders of the Company (all parties bound by such market standoffs the "***Restricted Stockholders***") enter into similar agreements. The underwriters in connection with the Company's initial offering are intended third-party beneficiaries of this Section 8 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Company's Initial Offering that are consistent with this Section 8 or that are necessary to give further effect thereto. If the Company or the representative of the underwriters waives or terminates the restrictive provisions of the market stand-off agreements of any of the other Restricted Stockholders, then such discretionary waiver or termination shall apply to all Restricted Stockholders on a pro rata basis based on the number of shares subject to such agreements and this Section 8.

**9. NO STOCKHOLDER RIGHTS.** This Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

**10. TRANSFER OF WARRANT.** Subject to applicable laws and the restriction on transfer set forth on the first page of this Warrant, this Warrant and all rights hereunder are transferable, by the Holder in person or by duly authorized attorney, upon delivery of this Warrant and the form of assignment attached hereto to any transferee designated by Holder. The transferee shall sign an investment letter in form and substance satisfactory to the Company.

**11. LOST, STOLEN, MUTILATED OR DESTROYED WARRANT.** If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

**12. AMENDMENT.** Any term of this Warrant may be amended or waived with the written consent of the Company and Holders of Warrants representing a majority of the Exercise Shares acquirable under the outstanding Warrants provided that all Warrants are similarly affected. Upon the effectuation of such amendment or waiver in conformance with this Section 12, the Company shall promptly give written notice thereof to the record holders of the Warrants who have not previously consented thereto in writing.

**13. NOTICES, ETC.** All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at the address listed on the signature page and to Holder at the address specified for notices under the Purchase Agreement or at such other address as the Company or Holder may designate by 10 days' advance written notice to the other parties hereto.



**14. NOTICE OF EXPIRATION**. The Company shall give the Holder written notice of the Holder's right to exercise this Warrant in the form attached hereto not more than 90 days and not less than 15 days before the Expiration Date. If the notice is not so given, the Expiration Date shall automatically be extended until 15 days after the date that the Company delivers the notice to the Holder.

**15. ACCEPTANCE.** Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

**16. GOVERNING LAW.** This Warrant and all rights, obligations and liabilities hereunder shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California without giving effect to conflicts of laws principles.



The Company has caused this Warrant to be executed by its duly authorized officer as of , 2014.

**SHOTSPOTTER, INC.**

By: _____

Ralph A. Clark
President and Chief Executive Officer

Address: 7979 Gateway Blvd., Suite 210,
Newark, CA 94560

SERIES B-1 WARRANT

**NOTICE OF EXERCISE**

**TO: SHOTSPOTTER, INC.**

**(1)** ☐ The undersigned hereby elects to purchase shares of (the "***Exercise Shares***") of **ShotSpotter, Inc.** (the "***Company***") pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

☐ The undersigned hereby elects to purchase shares of (the "***Exercise Shares***") of **ShotSpotter, Inc.** (the "***Company***") pursuant to the terms of the net exercise provisions set forth in Section 2.1 of the attached Warrant, and shall tender payment of all applicable transfer taxes, if any.

**(2)** Please issue a certificate or certificates representing said Exercise Shares in the name of the undersigned or in such other name as is specified below:

_____
(Name)

(Address)

**(3)** The undersigned represents that (i) the aforesaid Exercise 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; (ii) the undersigned is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests; (iv) the undersigned understands that Exercise Shares issuable upon exercise of this Warrant have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), by reason of a specific exemption from the registration

provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available; (v) the undersigned is aware that the aforesaid Exercise Shares may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until the undersigned has held the shares for the number of years prescribed by Rule 144, that among the conditions for use of the Rule is the availability of current information to the public about the Company and the Company has not made such information available and has no present plans to do so; and (vi) the undersigned agrees not to make any disposition of all or any part of the aforesaid shares of Exercise Shares unless and until there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement, or, if

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reasonably requested by the Company, the undersigned has provided the Company with an opinion of counsel satisfactory to the Company, stating that such registration is not required.

(Date) (Signature)

(Print name)

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**ASSIGNMENT FORM**

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

**FOR VALUE RECEIVED**, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Dated: , 20

Holder's Signature: _____

Holder's Address: _____

**NOTE**: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

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**NOTICE THAT WARRANT IS ABOUT TO EXPIRE**

[Insert Date of Notice]

To:

The Warrant issued to you described below will expire on February , 2021.

Issuer: Shotspotter, Inc.

Issue Date: , 2014

Class of Security Issuable: Series B-1 Preferred Stock

Exercise Price per Share: $

Number of Shares Issuable:

Procedure for Exercise:

Please contact at ( ) - with any questions you may have concerning exercise of the Warrant. This is your only notice of pending expiration.

Shotspotter, Inc.

By _____

Its: _____

**Exhibit 4.7**

**THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR OTHERWISE IN ACCORDANCE WITH APPLICABLE LAW.**

**WARRANT TO PURCHASE STOCK**

| | |
|---|---|
| Company: | **ShotSpotter, Inc.** |
| Number of Shares: | **2,955,665** |
| Class of Stock: | **Series B-1 Preferred Stock** |
| Initial Exercise Price: | **$0.3451 per share** |
| Issue Date: | **September 25, 2015** |
| Expiration Date: | **September 25, 2025** |

THIS WARRANT CERTIFIES THAT, for value received, receipt of which is hereby acknowledged, **ORIX Finance Equity Investors, LP, a Delaware limited partnership** ("Holder") is entitled to purchase the number of fully paid and nonassessable shares of the Class of Stock (the "Shares") of ShotSpotter, Inc. (the "Company") at the initial exercise price per Share (the "Warrant Price") set forth above, as constituted on the date hereof and as adjusted pursuant to the other terms of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. This Warrant is being issued pursuant to a Loan and Security Agreement between the Company and ORIX Venture Finance LLC, dated as of September 25, 2015 (the "Loan Agreement"). (Capitalized terms used herein that are not defined herein shall have the meanings set forth in the Loan Agreement.)

ARTICLE 1. SHARES; EXERCISE.

1.1 Number of Shares. The number of Shares initially subject to this Warrant shall initially be the number of Shares set forth above.

1.2 Method of Exercise. Holder may exercise this Warrant by delivering (including a facsimile transmission) a duly executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.3, Holder shall also deliver to the Company the aggregate Warrant Price for the Shares being purchased (i) by wire transfer or by check, or (ii) by notice of cancellation of indebtedness of the Company to Holder, or (iii) a combination of (i) or (ii).

1.3 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.2, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of the Shares or other securities otherwise issuable upon the proposed whole or partial exercise of this Warrant minus the aggregate Warrant Price of such Shares by (b) the fair market value of one Share. The fair market value of the Shares shall be determined pursuant to Section 1.6 below.



1.4 Effective Date of Exercise. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above. The person entitled to receive the Shares issuable upon exercise of this Warrant shall be treated for all purposes as the holder of record of such shares as of the close of business on the date the Holder is deemed to have exercised this Warrant.

1.5 No Rights of Stockholder. This Warrant does not entitle Holder to any voting rights as a stockholder of the Company prior to the exercise hereof. Upon exercise hereof, as set forth herein, the Holder shall be deemed to be a stockholder of the Company holding the number of shares as to which this Warrant has been exercised on the date the Notice of Exercise in substantially the form attached as Appendix 1 has been delivered to the principal office of the Company with any payment or other documents called for by the terms hereof.

1.6 Fair Market Value. If the Shares are traded in a public market, the fair market value of the Shares shall be the closing price of the Shares (or the closing price of the Company's stock into which the Shares are convertible) reported for the business day immediately before Holder delivers its Notice of Exercise to the Company. If the Shares are not traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment. The foregoing notwithstanding, if Holder advises the Board of Directors in writing that Holder disagrees with such determination, then the Company and Holder shall promptly agree upon a reputable investment banking firm to undertake such valuation. If the Company and Holder are unable to agree on such investment banking firm, then the Holder shall select three reputable investment banking firms, and from those three firms the Company shall select one to undertake such valuation. If the valuation of such investment banking firm is greater than that determined by the Board of Directors, then all fees and expenses of such investment banking firm shall be paid by the Company. In all other circumstances, such fees and expenses shall be paid by Holder.

1.7 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing the Shares not so acquired shall be delivered to Holder.

1.8 Replacement of Warrants. On receipt of an affidavit of an officer of the Holder of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.9 Acquisition of the Company. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing. The Warrant Price shall be adjusted accordingly. As used herein, "Acquisition" means any sale, license, or other disposition of all or substantially all of the assets of the Company, or any reorganization, consolidation, or merger of the Company in



which the holders of the Company's voting securities before the transaction (for such purpose treating all outstanding options and warrants to purchase voting securities of the Company as having been exercised and treating all outstanding debt and equity securities convertible into voting securities of the Company as having been converted) beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction.

1.10 Automatic 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 is greater than the Warrant Price then in effect, this Warrant shall be deemed automatically exercised pursuant to Section 1.3 above (even if not surrendered) immediately before its expiration date as set forth in this Warrant. For purposes of such automatic exercise, the fair market value of one Share upon such expiration shall be determined pursuant to Section 1.6 above. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this Section, the Company agrees to promptly notify the holder hereof of the number of Shares, if any, the holder hereof is to receive by reason of such automatic exercise.

1.11 Execution of Investor Agreements. Upon exercise of this Warrant, upon request by the Company, the Holder will execute joinder agreements or amendments in the form provided by the Company in order for the Holder to become a party to that certain Investors' Rights Agreement, dated as of July 12, 2012, as amended from time to time, among the Company and the holders of Shares (the "Investor Rights Agreement") and that certain Voting Agreement, dated as of July 12, 2012, as amended from time to time, among the Company and certain of its stockholders (the "Voting Agreement" and, together with the Investor Rights Agreement, the "Investor Agreements").

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on its Stock payable in Common Stock or other securities, or subdivides the outstanding Stock into a greater amount of Stock, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend or subdivision occurred.

2.2 Reclassification, Exchange, Substitution or Merger. Upon any reclassification, exchange, substitution, merger or other event that results in a change of the number, class and/or kind of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, merger or other event. Such an event shall include any automatic conversion of the outstanding or issuable securities of the Company of the same class or series as the Shares to Common Stock pursuant to the terms of the Company's Certificate of Incorporation upon the closing of a registered public offering of the Company's Common Stock or otherwise pursuant to the Company's certificate of incorporation. After the occurrence of such an event, the Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable



to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, mergers or other events.

2.3 Adjustments for Combinations, Etc. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased.

2.4 Price Adjustment. Without duplication with any dilution protection provided in the Company's certificate of incorporation, if the Company issues additional common shares (including shares of Common Stock ultimately issuable upon conversion of a security convertible into Common Stock) after the date of the Warrant and the consideration per additional common share is less than the Warrant Price in effect immediately before such issue, the price at which the Shares are converted to Common Stock shall be adjusted in accordance with the treatment of the series of securities of which the Shares are part under the Company's certificate of incorporation in effect on the Issue Date.

2.5 No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the

observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment.

2.6 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder a cash amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.7 Certificate as to Adjustments; Other Adjustments. Upon each adjustment of the Warrant Price, the Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price in effect upon the date thereof and the series of adjustments leading to such Warrant Price. If any change in the outstanding securities of the Company or any other event occurs, as to which the other provisions of this Article 2 are not strictly applicable, or if strictly applicable would not fairly protect the purchase rights of the Holder in accordance with such provisions, then the Board of Directors of the Company shall make an adjustment in the number and class of shares subject to this Warrant, the Warrant Price or the application of such provisions, so as to protect such purchase rights as aforesaid and to give the Holder, upon exercise for the same aggregate Warrant Price, the total number, class and kind of securities as it would have owned had the Warrant been exercised prior to the event and had it continued to hold such securities until after the event requiring the adjustment.



ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder as follows:

(a) The initial Warrant Price hereunder is not greater than the price per share at which the Shares were last issued in an arm's length transaction in which at least $500,000 of the Shares were sold.

(b) All Shares that may be issued upon the exercise of the purchase right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company shall, at all times, reserve a sufficient number of Shares and of shares of Common Stock for issuance upon Holder's exercise of its rights hereunder and conversion of the Shares.

(c) The Capitalization Table attached hereto as Exhibit A is true and complete as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon any class or series of its stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (c) to effect any reclassification or recapitalization of Common Stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, the Company shall give Holder (1) at least 30 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of Common Stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; (2) in the case of the matters referred to in (c) and (d) above at least 30 days prior written notice of the date when the same will take place (and specifying the date on which the holders of Common Stock will be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.

3.3 Information Rights. So long as the Holder holds this Warrant and/or any of the Shares, the Company shall deliver to the Holder, the Company shall deliver to the Holder the financial statements it provides to the holders of Shares under the Investor Rights Agreement, namely (a) annual financial statements, audited by independent certified public accountants, and certified by an Officer of the Company, within 180 days after the end of each fiscal year of the Company, and (b) Company-prepared quarterly financial statements of the Company, within 45 days after the end of each fiscal quarter of the Company.



3.4 Registration Under Securities Act of 1933, as amended; Market Standoff Agreement.

(a) The Company agrees that with respect to the Common Stock of the Company issuable upon conversion of Shares issued upon exercise of this Warrant, Holder shall have the registration rights set forth in the Investor Rights Agreement; provided that, upon exercise the Holder executes a joinder or amendment to the Investor Rights Agreement in the form provided by the Company.

(b) Holder will not, without the prior written consent of the Company and the managing underwriter of the Company's initial public offering of Common Stock ("IPO"), during 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 180 days) (i) lend,

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately prior to the effectiveness of the registration statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of Section 3.5 shall apply only to the Company's IPO, shall not apply to the sale of any shares to an underwriter of the IPO pursuant to an underwriting agreement, and shall only be applicable to the Holder if all officers, directors and greater-than- one-percent stockholders of the Company enter into similar agreements. The underwriters in connection with the IPO are intended third-party beneficiaries of this Section 3.4(b) and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the IPO that are consistent with this Section 3.4(b) or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares of Common Stock held by the Holder until the end of such period

ARTICLE 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER. THE HOLDER REPRESENTS AND WARRANTS TO THE COMPANY AS FOLLOWS:

4.1 Purchase for Own Account. Except for transfers to Holder's affiliates, this Warrant and the securities to be acquired upon exercise of this Warrant by the Holder will be acquired for investment for the Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the 1933 Act, and the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. The Holder also represents that the Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. The Holder 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. The 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 the Holder or to which the Holder has access.

4.3 Investment Experience. The Holder: (i) has experience as an investor in securities and acknowledges that the Holder is able to fend for itself, can bear the economic risk of the Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that the Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or (ii) has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables the Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. The Holder is an "accredited investor" within the meaning of Regulation D promulgated under the 1933 Act.

ARTICLE 5. MISCELLANEOUS

5.1 Term. This Warrant is exercisable, in whole or in part, at any time and from time to time on or before the Expiration Date set forth above.

5.2 Legends. The Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form, as well as any legends required by the Investor Agreements:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AS PERMITTED UNDER APPLICABLE LAW.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee.

5.4 Transfer Procedure. Subject to the provisions of Section 5.2, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable, directly or indirectly, upon conversion of the Shares, if any) to an affiliate (within the meaning of the federal securities laws) of the Holder or any transferee of the Loan Agreement or any interest thereunder by giving the Company notice of the portion of the Warrant being transferred setting forth the name, address and taxpayer identification number of the transferee and surrendering this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). This Warrant shall not be transferable otherwise without the prior written consent of the Company.

5.5 Notices. All notices and other communications from the Company to the Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, to such address as may have been furnished to the Company or the Holder, as the case may be, in writing by the Company or the Holder from time to time.

5.6 Waiver; Amendment. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Issue Tax. The issuance of the securities subject to this Warrant shall be made without charge to the Holder for any issue tax (other than applicable income taxes) in respect thereof.

5.8 Attorneys Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs reasonably incurred in such dispute, including reasonable attorneys' fees.

5.9 Governing Law. This Warrant and all acts, transactions, disputes and controversies arising hereunder or relating hereto, and all rights and obligations of Holder and Company shall be governed by, and construed in accordance with the internal laws (and not the conflict of laws rules) of the State of New York.

*[Signatures on Next Page]*



Company:
ShotSpotter, Inc.

By /s/ Ralph A. Clark
Title President & CEO

Holder:

ORIX Fina nce Equity Investors, LP, a
Delaware limited part nership

By
Kevin P. Sheehan,
Authori zed Signatory

***!Signature Page to Wan·a11t to Purchase Stocki***

Company:
ShotSpotter, Inc.

By _____
Title _____

Holder:

ORIX Finance Equity Investors, LP, a
Delaware limited partnership

By /s/ Mark Campbell
Mark Campbell,
Authorized Signatory

**[*Signature Page to Warrant to Purchase Stock*]**

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned hereby elects to purchase shares of the Series Preferred Stock of ShotSpotter, Inc. pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

1. The undersigned hereby elects to convert the attached Warrant into Shares in the manner specified in the Warrant. This conversion is exercised with respect to of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

3. The undersigned represents it is acquiring the Shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

(Signature)

Date

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**Exhibit A**

**Capitalization Table**

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**Exhibit 4.8**

**THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR OTHERWISE IN ACCORDANCE WITH APPLICABLE LAW.**

**WARRANT TO PURCHASE STOCK**

| | |
|---|---|
| Company: | **ShotSpotter, Inc.** |
| Number of Shares: | **76,704 See also Section 1.12** |
| Class of Stock: | **Series B-1 Preferred Stock** |
| Initial Exercise Price: | **$5.8667 per share** |
| Issue Date: | **March 28, 2017** |
| Expiration Date: | **March 28, 2027** |

THIS WARRANT CERTIFIES THAT, for value received, receipt of which is hereby acknowledged, **ORIX Finance Equity Investors, LP, a Delaware limited partnership** ("Holder") is entitled to purchase the number of fully paid and nonassessable shares of the Class of Stock (the "Shares") of ShotSpotter, Inc. (the "Company") at the initial exercise price per Share (the "Warrant Price") set forth above, as constituted on the date hereof and as adjusted pursuant to the other terms of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. This Warrant is being issued pursuant to a Loan and Security Agreement between the Company and ORIX Venture Finance LLC, dated as of September 25, 2015 (as amended from time to time, the "Loan Agreement"). (Capitalized terms used herein that are not defined herein shall have the meanings set forth in the Loan Agreement.)

ARTICLE 1. SHARES; EXERCISE.

1.1 Number of Shares. The number of Shares initially subject to this Warrant shall initially be the number of Shares set forth above.

1.2 Method of Exercise. Holder may exercise this Warrant by delivering (including a facsimile transmission) a duly executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.3, Holder shall also deliver to the Company the aggregate Warrant Price for the Shares being purchased (i) by wire transfer or by check, or (ii) by notice of cancellation of indebtedness of the Company to Holder, or (iii) a combination of (i) or (ii).

1.3 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.2, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of the Shares or other securities otherwise issuable upon the proposed whole or partial exercise of this Warrant minus the aggregate Warrant Price of such Shares by (b) the fair market value of one Share. The fair market value of the Shares shall be determined pursuant to Section 1.6 below.



1.4 Effective Date of Exercise. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above. The person entitled to receive the Shares issuable upon exercise of this Warrant shall be treated for all purposes as the holder of record of such shares as of the close of business on the date the Holder is deemed to have exercised this Warrant.

1.5 No Rights of Stockholder. This Warrant does not entitle Holder to any voting rights as a stockholder of the Company prior to the exercise hereof. Upon exercise hereof, as set forth herein, the Holder shall be deemed to be a stockholder of the Company holding the number of shares as to which this Warrant has been exercised on the date the Notice of Exercise in substantially the form attached as Appendix 1 has been delivered to the principal office of the Company with any payment or other documents called for by the terms hereof.

1.6 Fair Market Value. If the Shares are traded in a public market, the fair market value of the Shares shall be the closing price of the Shares (or the closing price of the Company's stock into which the Shares are convertible) reported for the business day immediately before Holder delivers its Notice of Exercise to the Company. If the Shares are not traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment. The foregoing notwithstanding, if Holder advises the Board of Directors in writing that Holder disagrees with such determination, then the Company and Holder shall promptly agree upon a reputable investment banking firm to undertake such valuation. If the Company and Holder are unable to agree on such investment banking firm, then the Holder shall select three reputable investment banking firms, and from those three firms the Company shall select one to undertake such valuation. If the valuation of such investment banking firm is greater than that determined by the Board of Directors, then all fees and expenses of such investment banking firm shall be paid by the Company. In all other circumstances, such fees and expenses shall be paid by Holder.

1.7 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing the Shares not so acquired shall be delivered to Holder.

1.8 Replacement of Warrants. On receipt of an affidavit of an officer of the Holder of the loss, theft, destruction or

mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.9 Acquisition of the Company. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing. The Warrant Price shall be adjusted accordingly. As used herein, "Acquisition" means any sale, license, or other disposition of all or substantially all of the assets of the Company, or any reorganization, consolidation, or merger of the Company in



which the holders of the Company's voting securities before the transaction (for such purpose treating all outstanding options and warrants to purchase voting securities of the Company as having been exercised and treating all outstanding debt and equity securities convertible into voting securities of the Company as having been converted) beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction.

1.10 Automatic 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 is greater than the Warrant Price then in effect, this Warrant shall be deemed automatically exercised pursuant to Section 1.3 above (even if not surrendered) immediately before its expiration date as set forth in this Warrant. For purposes of such automatic exercise, the fair market value of one Share upon such expiration shall be determined pursuant to Section 1.6 above. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this Section, the Company agrees to promptly notify the holder hereof of the number of Shares, if any, the holder hereof is to receive by reason of such automatic exercise.

1.11 Execution of Investor Agreements. Upon exercise of this Warrant, upon request by the Company, the Holder will execute joinder agreements or amendments in the form provided by the Company in order for the Holder to become a party to that certain Investors' Rights Agreement, dated as of July 12, 2012, as amended from time to time, among the Company and the holders of Shares (the "Investor Rights Agreement") and that certain Voting Agreement, dated as of July 12, 2012, as amended from time to time, among the Company and certain of its stockholders (the "Voting Agreement" and, together with the Investor Rights Agreement, the "Investor Agreements").

1.12 Number of Shares. The Number of Shares for which this Warrant shall be exercisable shall automatically decrease upon the Company's initial public offering of Common Stock ("IPO") to a Number of Shares equal to (i) $360,000 divided by (ii) the Initial Exercise Price; provided that (i) such IPO is completed on or prior to September 30, 2017 and (ii) the net cash proceeds received by the Company in connection with such IPO is equal to or greater than $25,000,000 in the aggregate.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on its Stock payable in Common Stock or other securities, or subdivides the outstanding Stock into a greater amount of Stock, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend or subdivision occurred.

2.2 Reclassification, Exchange, Substitution or Merger. Upon any reclassification, exchange, substitution, merger or other event that results in a change of the number, class and/or kind of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, merger or other



event. Such an event shall include any automatic conversion of the outstanding or issuable securities of the Company of the same class or series as the Shares to Common Stock pursuant to the terms of the Company's Certificate of Incorporation upon the closing of a registered public offering of the Company's Common Stock or otherwise pursuant to the Company's certificate of incorporation. After the occurrence of such an event, the Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, mergers or other events.

2.3 Adjustments for Combinations, Etc. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased.

2.4 Price Adjustment. Without duplication with any dilution protection provided in the Company's certificate of incorporation, if the Company issues additional common shares (including shares of Common Stock ultimately issuable upon conversion of a security convertible into Common Stock) after the date of the Warrant and the consideration per additional common share is less than the Warrant Price in effect immediately before such issue, the price at which the Shares are converted to Common Stock shall be adjusted

in accordance with the treatment of the series of securities of which the Shares are part under the Company's certificate of incorporation in effect on the Issue Date.

2.5 No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment.

2.6 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder a cash amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.7 Certificate as to Adjustments; Other Adjustments. Upon each adjustment of the Warrant Price, the Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price in effect upon the date thereof and the series of adjustments leading to such Warrant Price. If any change in the outstanding securities of the Company or any other event occurs, as to which the other provisions of this Article 2 are not strictly applicable, or if strictly applicable would not fairly protect the purchase rights of the



Holder in accordance with such provisions, then the Board of Directors of the Company shall make an adjustment in the number and class of shares subject to this Warrant, the Warrant Price or the application of such provisions, so as to protect such purchase rights as aforesaid and to give the Holder, upon exercise for the same aggregate Warrant Price, the total number, class and kind of securities as it would have owned had the Warrant been exercised prior to the event and had it continued to hold such securities until after the event requiring the adjustment.

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder as follows:

(a) The initial Warrant Price hereunder is not greater than the price per share at which the Shares were last issued in an arm's length transaction in which at least $500,000 of the Shares were sold.

(b) All Shares that may be issued upon the exercise of the purchase right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company shall, at all times, reserve a sufficient number of Shares and of shares of Common Stock for issuance upon Holder's exercise of its rights hereunder and conversion of the Shares.

(c) The Capitalization Table attached hereto as Exhibit A is true and complete as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon any class or series of its stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (c) to effect any reclassification or recapitalization of Common Stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, the Company shall give Holder (1) at least 30 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of Common Stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; (2) in the case of the matters referred to in (c) and (d) above at least 30 days prior written notice of the date when the same will take place (and specifying the date on which the holders of Common Stock will be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.



3.3 Information Rights. So long as the Holder holds this Warrant and/or any of the Shares, the Company shall deliver to the Holder, the Company shall deliver to the Holder the financial statements it provides to the holders of Shares under the Investor Rights Agreement, namely (a) annual financial statements, audited by independent certified public accountants, and certified by an Officer of the Company, within 180 days after the end of each fiscal year of the Company, and (b) Company-prepared quarterly financial statements of the Company, within 45 days after the end of each fiscal quarter of the Company.

3.4 Registration Under Securities Act of 1933, as amended; Market Standoff Agreement.

(a) The Company agrees that with respect to the Common Stock of the Company issuable upon conversion of Shares issued upon exercise of this Warrant, Holder shall have the registration rights set forth in the Investor Rights Agreement; provided that, upon exercise the Holder executes a joinder or amendment to the Investor Rights Agreement in the form provided by the Company.

(b) Holder will not, without the prior written consent of the Company and the managing underwriter of the Company's IPO, during 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 180 days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately prior to the effectiveness of the registration statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of Section 3.5 shall apply only to the Company's IPO, shall not apply to the sale of any shares to an underwriter of the IPO pursuant to an underwriting agreement, and shall only be applicable to the Holder if all officers, directors and greater-than-one-percent stockholders of the Company enter into similar agreements. The underwriters in connection with the IPO are intended third-party beneficiaries of this Section 3.4(b) and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the IPO that are consistent with this Section 3.4(b) or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares of Common Stock held by the Holder until the end of such period

ARTICLE 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER. THE HOLDER REPRESENTS AND WARRANTS TO THE COMPANY AS FOLLOWS:

4.1 Purchase for Own Account. Except for transfers to Holder's affiliates, this Warrant and the securities to be acquired upon exercise of this Warrant by the Holder will be acquired for investment for the Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the 1933 Act, and the Holder has no



present intention of selling, granting any participation in, or otherwise distributing the same. The Holder also represents that the Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. The Holder 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. The 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 the Holder or to which the Holder has access.

4.3 Investment Experience. The Holder: (i) has experience as an investor in securities and acknowledges that the Holder is able to fend for itself, can bear the economic risk of the Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that the Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or (ii) has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables the Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. The Holder is an "accredited investor" within the meaning of Regulation D promulgated under the 1933 Act.

ARTICLE 5. MISCELLANEOUS

5.1 Term. This Warrant is exercisable, in whole or in part, at any time and from time to time on or before the Expiration Date set forth above.

5.2 Legends. The Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form, as well as any legends required by the Investor Agreements:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AS PERMITTED UNDER APPLICABLE LAW.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee.

5.4 Transfer Procedure. Subject to the provisions of Section 5.2, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable, directly or indirectly, upon conversion of the Shares, if any) to an affiliate (within the

meaning of the federal securities laws) of the Holder or any transferee of the Loan Agreement or any interest thereunder by giving the Company notice of the portion of the Warrant being transferred setting forth the name, address and taxpayer identification number of the transferee and surrendering this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). This Warrant shall not be transferable otherwise without the prior written consent of the Company.

5.5 Notices. All notices and other communications from the Company to the Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, to such address as may have been furnished to the Company or the Holder, as the case may be, in writing by the Company or the Holder from time to time.

5.6 Waiver; Amendment. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Issue Tax. The issuance of the securities subject to this Warrant shall be made without charge to the Holder for any issue tax (other than applicable income taxes) in respect thereof.

5.8 Attorneys Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs reasonably incurred in such dispute, including reasonable attorneys' fees.

5.9 Governing Law. This Warrant and all acts, transactions, disputes and controversies arising hereunder or relating hereto, and all rights and obligations of Holder and Company shall be governed by, and construed in accordance with the internal laws (and not the conflict of laws rules) of the State of New York.

*[Signatures on Next Page]*



Company: ShotSpotter, Inc.

By /s/ Alan Stewart
Title Chief Financial Officer

Holder:

ORIX Finance Equity Investors, LP, a Delaware
limited partnership

By /s/ Mark Campbell
Mark Campbell
Authorized Signatory

**[*Signature Page to Warrant to Purchase Stock*]**

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned hereby elects to purchase shares of the Series Preferred Stock of ShotSpotter, Inc. pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

1. The undersigned hereby elects to convert the attached Warrant into Shares in the manner specified in the Warrant. This conversion is exercised with respect to of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

3. The undersigned represents it is acquiring the Shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

(Signature)

Date

**Exhibit 10.1**

**SHOTSPOTTER, INC.**

**AMENDED AND RESTATED 2005 STOCK PLAN**

**Amended and Restated as of: November 15, 2012**
**Termination Date: November 15, 2022**

## 1. GENERAL.

**(a) Eligible Stock Award Recipients.** Employees, Directors and Consultants are eligible to receive Stock Awards.

**(b) Available Stock Awards.** The Plan provides for the grant of the following types of Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards and (vi) Other Stock Awards.

**(c) Purpose.** The Plan, through the granting of Stock Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

## 2. ADMINISTRATION.

**(a) Administration by Board.** The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

**(b) Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

**(i)** To determine (A) who will be granted Stock Awards; (B) when and how each Stock Award will be granted; (C) what type of Stock Award will be granted; (D) the provisions of each Stock Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Stock Award; (E) the number of shares of Common Stock subject to a Stock Award; and (F) the Fair Market Value applicable to a Stock Award.

**(ii)** To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Stock Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it will deem necessary or expedient to make the Plan or Stock Award fully effective.

**(iii)** To settle all controversies regarding the Plan and Stock Awards granted under it.



**(iv)** To accelerate, in whole or in part, the time at which a Stock Award may be exercised or vest (or at which cash or shares of Common Stock may be issued).

**(v)** To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or a Stock Award Agreement, suspension or termination of the Plan will not impair a Participant's rights under his or her then-outstanding Stock Award without his or her written consent except as provided in subsection (viii) below.

**(vi)** To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to make the Plan or Stock Awards granted under the Plan exempt from or compliant with the requirements for Incentive Stock Options or exempt from or compliant with the requireements for nonqualified deferred compensation under Section 409A, subject to the limitations, if any, of applicable law. However, if required by applicable law, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Stock Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Stock Awards available for issuance under the Plan. Except as provided in the Plan (including subsection (viii) below) or a Stock Award Agreement, no amendment of the Plan will impair a Participant's rights under an outstanding Stock Award without his or her written consent.

**(vii)** To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 422 of the Code regarding Incentive Stock Options.

**(viii)** To approve forms of Stock Award Agreements for use under the Plan and to amend the terms of any one or more Stock Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Stock Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided*

*however,* that a Participant's rights under any Stock Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Stock Awards without the affected Participant's consent (A) to maintain the qualified status of the Stock Award as an Incentive Stock Option under Section 422 of the Code; (B) to change the terms of an Incentive Stock Option, if such change results in impairment of the Award solely because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (C) to clarify the manner of exemption from, or to bring the Stock Award into compliance with, Section 409A; or (D) to comply with other applicable laws.



**(ix)** Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Stock Awards.

**(x)** To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Stock Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction).

**(xi)** To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash and/or (6) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

**(c) Delegation to Committee.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Committee may, at any time, abolish the subcommittee and/or revest in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

**(d) Delegation to an Officer.** The Board may delegate to one (1) or more Officers the authority to do one or both of the following: (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such Stock Awards, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; provided, however, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any such Stock Awards will be granted on the form of Stock Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(t) below.



**(e) Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

**(f) Indemnification**. In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Company, members of the Board and any officers or employees of the Company to whom authority to act for the Board or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

**3. SHARES SUBJECT TO THE PLAN.**

**(a) Share Reserve**.

**(i)** Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common

Stock that may be issued pursuant to Stock Awards from and after the Effective Date will not exceed 27,641,007 (the "***Share Reserve***").

**(ii)** Subject to the Share Reserve and Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be 27,641,007 shares of Common Stock.

**(iii)** For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a).

**(b) Reversion of Shares to the Share Reserve**. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.



**(c) Source of Shares.** The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

**4. ELIGIBILITY.**

**(a) Eligibility for Specific Stock Awards**. Incentive Stock Options may be granted only to employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company, as such term is defined in Rule 405, unless (i) the stock underlying such Stock Awards is treated as "service recipient stock" under Section 409A (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), or (ii) the Company, in consultation with its legal counsel, has determined that such Stock Awards are otherwise exempt from or alternatively comply with the distribution requirements of Section 409A.

**(b) Ten Percent Stockholders**. A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

**(c) Consultants.** A Consultant will not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or sale of the Company's securities to such Consultant is not exempt under Rule 701 because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions.

**5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.**

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Stock Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:



**(a) Term.** Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Stock Award Agreement.

**(b) Exercise Price.** Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

**(c) Purchase Price for Options.** The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

**(i)** by cash, check, bank draft or money order payable to the Company;

**(ii)** pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

**(iii)** by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

**(iv)** if an Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations;

**(v)** according to a deferred payment or similar arrangement with the Optionholder; *provided, however*, that interest will compound at least annually and will be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income



to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

**(vi)** in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Stock Award Agreement.

**(d) Exercise and Payment of a SAR.** To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the strike price. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Award Agreement evidencing such SAR.

**(e) Transferability of Options and SARs.** The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

**(i) Restrictions on Transfer**. An Option or SAR will not be transferable except by will or by the laws of descent and distribution (and pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

**(ii) Domestic Relations Orders**. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

**(iii) Beneficiary Designation**. Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.



**(f) Vesting Generally.** The total number of shares of Common Stock subject to an Option or SAR may vest and therefore

become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

**(g) Termination of Continuous Service.** Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Stock Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Stock Award Agreement, which period will not be less than thirty (30) days if necessary to comply with applicable laws unless such termination is for Cause) and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR will terminate.

**(h) Extension of Termination Date.** Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of three (3) months (that need not be consecutive) after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement. In addition, unless otherwise provided in a Participant's Stock Award Agreement, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement.

**(i) Disability of Participant.** Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled



to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period will not be less than six (6) months if necessary to comply with applicable laws), and (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

**(j) Death of Participant.** Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Stock Award Agreement, which period will not be less than six (6) months if necessary to comply with applicable laws), and (ii) the expiration of the term of such Option or SAR as set forth in the Stock Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR will terminate.

**(k) Termination for Cause.** Except as explicitly provided otherwise in a Participant's Stock Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

**(l) Non-Exempt Employees**. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option or SAR (although the Stock Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Stock Award Agreement, in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six (6) months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any

income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

**(m) Early Exercise of Options.** An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Subject to the "Repurchase Limitation" in Section 8(l), any unvested shares of Common Stock so purchased may be subject to a repurchase right in favor of the Company or to any other restriction the Board determines to be appropriate. Provided that the "Repurchase Limitation" in Section 8(l) is not violated, the Company will not be required to exercise its repurchase right until at least six (6) months (or such longer or shorter period of time required to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option Agreement.

**(n) Right of Repurchase**. Subject to the "Repurchase Limitation" in Section 8(l), the Option or SAR may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the exercise of the Option or SAR.

**(o) Right of First Refusal**. The Option or SAR may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option or SAR. Such right of first refusal will be subject to the "Repurchase Limitation" in Section 8(l). Except as expressly provided in this Section 5(o) or in the Stock Award Agreement, such right of first refusal will otherwise comply with any applicable provisions of the bylaws of the Company.

**6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARS.**

**(a) Restricted Stock Awards.** Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration**. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.



**(ii) Vesting**. Subject to the "Repurchase Limitation" in Section 8(l), shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

**(iii) Termination of Participant's Continuous Service**. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

**(iv) Transferability**. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

**(v) Dividends.** A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

**(b) Restricted Stock Unit Awards.** Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award

may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

**(iii) Payment**. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

**(iv) Additional Restrictions.** At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.



**(v) Dividend Equivalents.** Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

**(vi) Termination of Participant's Continuous Service.** Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

**(c) Other Stock Awards**. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

## 7. COVENANTS OF THE COMPANY.

**(a) Availability of Shares.** The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Stock Awards.

**(b) Securities Law Compliance.** The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however,* that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of a Stock Award or the subsequent issuance of cash or Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

**(c) No Obligation to Notify or Minimize Taxes.** The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise



advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

## 8. MISCELLANEOUS.

**(a) Use of Proceeds from Sales of Common Stock.** Proceeds from the sale of shares of Common Stock pursuant to Stock Awards will constitute general funds of the Company.

**(b) Corporate Action Constituting Grant of Stock Awards.** Corporate action constituting a grant by the Company of a Stock Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or

accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Stock Award Agreement as a result of a clerical error in the papering of the Stock Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Stock Award Agreement.

**(c) Stockholder Rights.** No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to a Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Stock Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to the Stock Award has been entered into the books and records of the Company.

**(d) No Employment or Other Service Rights.** Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

**(e) Change in Time Commitment**. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee) after the date of grant of any Stock Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares subject to any portion of such Stock Award that is scheduled to vest or become payable after the date of such change in



time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Stock Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Stock Award that is so reduced or extended.

**(f) Incentive Stock Option Limitations.** To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars ($100,000) (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

**(g) Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

**(h) Withholding Obligations.** Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from a Stock Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Stock Award Agreement.



**(i) Electronic Delivery**. Any reference herein to a "written" agreement or document will include any agreement or document delivered electronically or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

**(j) Deferrals.** To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery

of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A. Consistent with Section 409A, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

**(k) Compliance with Section 409A.** Unless otherwise expressly provided for in a Stock Award Agreement, the Plan and Stock Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Stock Awards granted hereunder exempt from Section 409A, and, to the extent not so exempt, in compliance with the requirements of Section 409A. If the Board determines that any Stock Award granted hereunder is a Non-Exempt Award subject to Section 409A, then unless otherwise expressly approved by the Board at the time of grant and provided for in the applicable Stock Award Agreement, such Non-Exempt Award shall be subject to the provisions set forth on Appendix A hereto, which provisions shall supersede any provisions to the contrary set forth in the Plan.

**(l) Repurchase Limitation**. The terms of any repurchase right will be specified in the Stock Award Agreement. The repurchase price for vested shares of Common Stock will be the Fair Market Value of the shares of Common Stock on the date of repurchase. The repurchase price for unvested shares of Common Stock will be the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase or (ii) their original purchase price. However, the Company will not exercise its repurchase right until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Stock Award as a liability for financial accounting purposes) have elapsed following delivery of shares of Common Stock subject to the Stock Award, unless otherwise specifically provided by the Board.

## 9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

**(a) Capitalization Adjustments**. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(a), and (iii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.



**(b) Dissolution or Liquidation**. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided, however,* that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

**(c) Corporate Transaction.** The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board may take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

**(i)** arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

**(ii)** arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

**(iii)** accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction; provided, however, that the Board may require Participants to complete and deliver to the Company a notice of exercise before the effective date of a Corporate Transaction, which exercise is contingent upon the effectiveness of such Corporate Transaction;

**(iv)** arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

**(v)** cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

**(vi)** make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise. For clarity, this payment may be zero ($0) if the value of the property is equal to or less than the exercise price. Payments under this provision may be delayed to the same extent that payment of consideration to the holders of the Company's Common Stock in connection with the Corporate Transaction is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

**(d) Change in Control.** A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

**10. PLAN TERM; EARLIER TERMINATION OR SUSPENSION OF THE PLAN.**

**(a) Plan Term.** The Board may suspend or terminate the Plan at any time. Unless terminated sooner by the Board, the Plan will automatically terminate on the day before the tenth (10th) anniversary of the Restatement Date. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

**(b) No Impairment of Rights.** Suspension or termination of the Plan will not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant or as otherwise permitted in the Plan.

**11. EFFECTIVE DATE OF PLAN.**

This Plan became effective on the Effective Date.

**12. CHOICE OF LAW.**

The laws of the State of Delaware will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

**13. DEFINITIONS.** As used in the Plan, the following definitions will apply to the capitalized terms indicated below:



**(a)** "***Affiliate***" means, at the time of determination, any "parent" or "majority-owned subsidiary" of the Company, as such terms are defined in Rule 405. The Board will have the authority to determine the time or times at which "parent" or "majority-owned subsidiary" status is determined within the foregoing definition.

**(b)** "***Board***" means the Board of Directors of the Company.

**(c)** "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

**(d)** "***Cause***" will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) the Participant's theft, dishonesty, or falsification of any Company documents or records; (ii) the Participant's improper use or disclosure of the Company's confidential or proprietary information; (iii) any action by the Participant which has a material detrimental effect on the Company's reputation or business; (iv) the Participant's failure or inability to perform any reasonable assigned duties after written notice from the Company of, and a reasonable opportunity to cure, such failure or inability; (v) any material breach by the Participant of any employment agreement between the Participant and the Company, which breach is not cured pursuant to the terms of such agreement; or (vi) the Participant's conviction (including any plea of guilty or nolo contendere) of any criminal act which impairs the Participant's ability to perform his or her duties with the Company.

**(e)** "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

**(i)** any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (C) solely because the level of Ownership held by any Exchange Act Person (the "*Subject Person*") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding,



provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

**(ii)** there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

**(iii)** the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company will otherwise occur, except for a liquidation into a parent corporation;

**(iv)** there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

**(v)** individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; *provided, however,* that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however,* that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.



**(f)** "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

**(g)** "***Committee***" means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

**(h)** "***Common Stock***" means the common stock of the Company.

**(i)** "***Company***" means ShotSpotter, Inc., a Delaware corporation.

**(j)** "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a "Consultant" for purposes of the Plan.

**(k)** "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the Entity for which the Participant renders such service, provided

that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

**(l)** "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

**(i)** a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

**(ii)** a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

**(iii)** a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or



**(iv)** a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

**(m)** "***Director***" means a member of the Board.

**(n)** "***Disability***" means, with respect to a Participant, the inability of such Participant 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 that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

**(o)** "***Effective Date***" means February 24, 2005.

**(p)** "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

**(q)** "***Entity***" means a corporation, partnership, limited liability company or other entity.

**(r)** "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

**(s)** "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

**(t)** "***Fair Market Value***" means, as of any date, the value of the Common Stock determined by the Board in compliance with Section 409A or, in the case of an Incentive Stock Option, in compliance with Section 422 of the Code.

**(u)** "***Incentive Stock Option***" means an option granted pursuant to Section 5 of the Plan that is intended to be, and that qualifies as, an "incentive stock option" within the meaning of Section 422 of the Code.



**(v)** "***Nonstatutory Stock Option***" means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

**(w)** "***Officer***" means any person designated by the Company as an officer.

**(x)** "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

**(y)** "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

**(z)** "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

**(aa)** "***Other Stock Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(c).

**(bb)** "***Other Stock Award Agreement***" means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

**(cc)** "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

**(dd)** "***Participant***" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

**(ee)** "***Plan***" means this ShotSpotter, Inc. Amended and Restated 2005 Stock Plan.

**(ff)** "***Restatement Date***" means November [•], 2012.

**(gg)** "***Restricted Stock Award***" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

**(hh)** "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

**(ii)** "***Restricted Stock Unit Award***" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).



**(jj)** "***Restricted Stock Unit Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

**(kk)** "***Rule 405***" means Rule 405 promulgated under the Securities Act.

**(ll)** "***Rule 701***" means Rule 701 promulgated under the Securities Act.

**(mm)** "***Section 409A***" means Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect.

**(nn)** "***Securities Act***" means the Securities Act of 1933, as amended.

**(oo)** "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

**(pp)** "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

**(qq)** "***Stock Award***" means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right or any Other Stock Award.

**(rr)** "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

**(ss)** "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the

outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) .

**(tt)** "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.

**Exhibit 10.2**

**SHOTSPOTTER, INC.**
**STOCK OPTION GRANT NOTICE**
**(AMENDED AND RESTATED 2005 STOCK PLAN)**

ShotSpotter, Inc. (the "***Company***"), pursuant to its Amended and Restated 2005 Stock Plan (the "***Plan***"), hereby grants to Optionholder an option to purchase the number of shares of the Company's Common Stock set forth below. This option is subject to all of the terms and conditions as set forth in this notice, in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms in this notice and the Plan, the terms of the Plan will control.

Optionholder:
Date of Grant:
Vesting Commencement Date:
Number of Shares Subject to Option:
Exercise Price (Per Share):
Total Exercise Price:
Expiration Date:

**Type of Grant:** ☐ Incentive Stock Option(1) ☐ Nonstatutory Stock Option

**Exercise Schedule**: Same as Vesting Schedule

**Vesting Schedule**: **[*For new hire grants*:** One-fourth **(**1/4th) of the shares vest one year after the Vesting Commencement Date; the balance of the shares vest in a series of thirty-six (36) successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date, subject to Optionholder's Continuous Service as of each such date.]

**[*For grants to existing employees*:** The shares vest in a series of forty eight (48) successive equal monthly installments beginning on the date that is one month after the Vesting Commencement Date, subject to Optionholder's Continuous Service as of each such date.]

**Payment:** By one or a combination of the following items (described in the Option Agreement):

☒ By cash, check, bank draft or money order payable to the Company
☒ Pursuant to a Regulation T Program if the shares are publicly traded
☒ By delivery of already-owned shares if the shares are publicly traded

**Additional Terms/Acknowledgements:**

Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Stock Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Plan.

By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

(1) If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first *exercisable* for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.



Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of the written employment agreement or offer letter agreement entered into between the Company and Optionholder specifying the terms that should govern this option (the "***Employment Agreement***").

| **SHOTSPOTTER, INC.** | | **OPTIONHOLDER:** | |
|---|---|---|---|
| By: | _____ Signature | | _____ Signature |
| Title: | _____ | Date: | _____ |
| Date: | _____ | | |

**ATTACHMENTS**: Option Agreement, Amended and Restated 2005 Stock Plan and Notice of Exercise

**ATTACHMENT I**

**SHOTSPOTTER, INC.**
**AMENDED AND RESTATED 2005 STOCK PLAN**

**OPTION AGREEMENT**
**(INCENTIVE STOCK OPTION OR NONSTATUTORY STOCK OPTION)**

Pursuant to your Stock Option Grant Notice ("***Grant Notice***") and this Option Agreement, ShotSpotter, Inc. (the "***Company***") has granted you an option under its Amended and Restated 2005 Stock Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the "***Date of Grant***"). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

**1. VESTING.** Your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.

**2. NUMBER OF SHARES AND EXERCISE PRICE.** The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice will be adjusted for Capitalization Adjustments.

**3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES.** If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a "***Non-Exempt Employee***"), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a Corporate Transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your "retirement" (as defined in the Company's benefit plans).

**4. EXERCISE PRIOR TO VESTING ("EARLY EXERCISE").** If permitted in your Grant Notice (*i.e.*, the "Exercise Schedule" indicates "Early Exercise Permitted") and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however,* that:

**(a)** a partial exercise of your option will be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;



**(b)** any shares of Common Stock so purchased from installments that have not vested as of the date of exercise will be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement;

**(c)** you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

**(d)** if your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options.

**5. METHOD OF PAYMENT.** You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner ***permitted by your Grant Notice,*** which may include one or more of the following:

**(a)** Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a "broker-assisted exercise", "same day sale", or "sell to cover".

**(b)** Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims,

encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

**(c)** If this option is a Nonstatutory Stock Option, subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter if those shares (i) are used to pay the exercise price pursuant to the "net exercise," (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.



**6. WHOLE SHARES.** You may exercise your option only for whole shares of Common Stock.

**7. SECURITIES LAW COMPLIANCE.** In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

**8. TERM.** You may not exercise your option before the Date of Grant or after the expiration of the option's term. Unless otherwise specified in your Notice of Grant, the term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

**(a)** immediately upon the termination of your Continuous Service for Cause;

**(b)** three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 8(d) below); *provided, however,* that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregaste period of three (3) months after the termination of your Continuous Service; *provided further,* that if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after the termination of your Continuous Service, and (y) the Expiration Date;

**(c)** twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 8(d)) below;

**(d)** eighteen (18) months after your death if you die either during your Continuous Service or within thirty (30) days after your Continuous Service terminates for any reason other than Cause;

**(e)** the Expiration Date indicated in your Grant Notice; or

**(f)** the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the



Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

**9. EXERCISE.**

**(a)** You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such

additional documents as the Company may then require.

**(b)** By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

**(c)** If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

**(d)** By exercising your option you agree that you will not sell, dispose of, 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 shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation(the "***Lock-Up Period***"); *provided, however*, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 9(d). The underwriters of the Company's stock are intended third party beneficiaries of this Section 9(d) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

**10. TRANSFERABILITY.** Except as otherwise provided in this Section 10, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.



**(a)** **Certain Trusts.** Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

**(b)** **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

**(c)** **Beneficiary Designation.** Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

**11. RIGHT OF FIRST REFUSAL.** Shares of Common Stock that you acquire upon exercise of your option are subject to any right of first refusal that may be described in the Company's bylaws in effect at such time the Company elects to exercise its right; *provided, however,* that if there is no right of first refusal described in the Company's bylaws at such time, the right of first refusal described below will apply.

**(a)** **Grant of Right of First Refusal.** Except as provided in Section 11(j) below, in the event you, your legal representative, or other holder of shares acquired upon exercise of the option proposes to Transfer (as defined below) any shares acquired upon exercise of the option (the *"**Transfer Shares**"*) to any person or entity, including, without limitation, any stockholder of the Company, the Company shall have the right to repurchase the Transfer Shares under the terms and subject to the conditions set forth in this Section 11 (the *"**Right of First Refusal**"*). As used in this Section 11, the term "***Transfer***" means any sale, encumbrance, pledge, gift or other form of disposition or transfer of shares of Common Stock or any legal or equitable interest therein; *provided, however*, that the term Transfer does not include a transfer of such shares or interests by will or intestacy to your Immediate Family (as defined below). In such case, the transferee or other recipient will receive and hold the shares of Common Stock so transferred subject to the provisions of this Section, and there will be no further transfer of such shares except in accordance with the terms of this Section 11. As used in this Section 11, the term "***Immediate Family***" will mean your spouse, the lineal descendant or antecedent, father, mother, brother or sister, child, adopted child, grandchild or adopted grandchild of you or your

spouse, or the spouse of any child, adopted child, grandchild or adopted grandchild of you or your spouse.

**(b) Notice of Proposed Transfer.** Prior to any proposed transfer of the Transfer Shares, you must deliver written notice (the ***"Transfer Notice"***) to the Company describing fully the proposed Transfer, including the number of Transfer Shares, the name and address of the proposed transferee (the ***"Proposed Transferee"***) and, if the Transfer is voluntary, the proposed transfer price, and containing such information necessary to show the bona fide nature of the proposed Transfer. In the event of a bona fide gift or involuntary Transfer, the proposed transfer price will be deemed to be the Fair Market Value of the Transfer Shares, as determined by the Board in good faith. If you propose to Transfer any Transfer Shares to more than one Proposed Transferee, you must provide a separate Transfer Notice for the proposed transfer to each Proposed Transferee. The Transfer Notice must be signed by both you and the Proposed Transferee and must constitute a binding commitment by you and the Proposed Transferee for the transfer of the Transfer Shares to the Proposed Transferee subject only to the Right of First Refusal.

**(c) Bona Fide Transfer.** If the Company determines that the information provided by you in the Transfer Notice is insufficient to establish the bona fide nature of a proposed voluntary transfer, the Company will give you written notice of the failure to comply with the procedure described in this Section 11, and you will have no right to transfer the Transfer Shares without first complying with the procedure described in this Section 11. You will not be permitted to transfer the Transfer Shares if the proposed transfer is not bona fide.

**(d) Exercise of Right of First Refusal.** If the Company determines the proposed Transfer to be bona fide, the Company will have the right to purchase all, but not less than all, of the Transfer Shares (except as the Company and you otherwise agree) at the purchase price and on the terms set forth in the Transfer Notice by delivery to you of a notice of exercise of the Right of First Refusal within thirty (30) days after the date the Transfer Notice is delivered to the Company. The Company's exercise or failure to exercise the Right of First Refusal with respect to any proposed Transfer described in a Transfer Notice will not affect the Company's right to exercise the Right of First Refusal with respect to any proposed Transfer described in any other Transfer Notice, whether or not such other Transfer Notice is issued by you or issued by a person other than you with respect to a proposed Transfer to the same Proposed Transferee. If the Company exercises the Right of First Refusal, the Company and you will consummate the sale of the Transfer Shares to the Company on the terms set forth in the Transfer Notice within sixty (60) days after the date the Transfer Notice is delivered to the Company (unless a longer period is offered by the Proposed Transferee); provided, however, that in the event the Transfer Notice provides for the payment for the Transfer Shares other than in cash, the Company shall have the option of paying for the Transfer Shares by the present value cash equivalent of the consideration described in the Transfer Notice as reasonably determined by the Company. For purposes of the foregoing, cancellation of any indebtedness to the Company shall be treated as payment to you in cash to the extent of the unpaid principal and any accrued interest canceled.

**(e) Failure to Exercise Right of First Refusal.** If the Company fails to exercise the Right of First Refusal in full (or to such lesser extent as the Company and you otherwise agree) within the period specified in Section 11(d) above, you may conclude a Transfer to the Proposed Transferee of the Transfer Shares on the terms and conditions described in the Transfer Notice, provided such transfer occurs not later than ninety (90) days following



delivery to the Company of the Transfer Notice. The Company shall have the right to demand further assurances from you and the Proposed Transferee (in a form satisfactory to the Company) that the Transfer of the Transfer Shares was actually carried out on the terms and conditions described in the Transfer Notice. No Transfer Shares shall be transferred on the books of the Company until the Company has received such assurances, if so demanded, and has approved the proposed Transfer as bona fide. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by you, shall again be subject to the Right of First Refusal and shall require compliance by you with the procedure described in this Section 11.

**(f) Transferees of Transfer Shares.** All transferees of the Transfer Shares or any interest therein, other than the Company, shall be required as a condition of such Transfer to agree in writing (in a form satisfactory to the Company) that such transferee shall receive and hold such Transfer Shares or interest therein subject to all of the terms and conditions of this Option Agreement, including this Section 11 providing for the Right of First Refusal with respect to any subsequent Transfer. Any sale or transfer of any shares acquired upon exercise of the option shall be void unless the provisions of this Section 11 are met.

**(g) Assignment of Right of First Refusal.** The Company will have the right to assign the Right of First Refusal at any time, whether or not there has been an attempted transfer, to one or more persons as may be selected by the Company.

**(h) Capitalization Adjustments**. If, from time to time, there is any stock dividend, stock split or other change in the character or amount of any of the outstanding Common Stock which is subject to the provisions of your option, then in such event any and all new, substituted or additional securities to which you are entitled by reason of your ownership of the shares of Common Stock acquired upon exercise of your option will be immediately subject to the Company's Right of First Refusal with the same force and effect as the shares subject to the Right of First Refusal immediately before such event.

**(i) Escrow**. To ensure that the shares subject to the Company's Right of First Refusal will be available for repurchase by the Company, the Company may require you to deposit the certificates evidencing the shares that you purchase upon exercise of your option with an escrow agent designated by the Company under the terms and conditions of an escrow agreement approved by the Company. If the Company does not require such deposit as a condition of exercise of your option, the Company reserves the right at any time to require you to so deposit the certificates in escrow. As soon as practicable after the expiration of the Company's Right of First Refusal, the agent will deliver to you the shares and any other property no longer subject to such restriction. In the event

the shares and any other property held in escrow are subject to the Company's exercise of its Right of First Refusal, the notices required to be given to you will be given to the escrow agent, and any payment required to be given to you will be given to the escrow agent. Within thirty (30) days after payment by the Company for the Transfer Shares, the escrow agent will deliver the Transfer Shares that the Company has repurchased to the Company and will deliver the payment received from the Company to you.

**(j) Early Termination of Right of First Refusal.** The Company's Right of First Refusal will expire on (a) the occurrence of a Corporate Transaction, unless the acquiror assumes the Company's rights and obligations under the option or substitutes a substantially equivalent option for the acquiror's stock for the option, or (b) the existence of a public market



for the class of shares subject to the Right of First Refusal. A ***"public market"*** shall be deemed to exist if (i) such stock is listed on a national securities exchange (as that term is used in the Exchange Act) or (ii) such stock is traded on the over-the-counter market and prices therefor are published daily on business days in a recognized financial journal.

**12. OPTION NOT A SERVICE CONTRACT.** Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

**13. WITHHOLDING OBLIGATIONS.**

**(a)** At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

**(b)** If this option is a Nonstatutory Stock Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

**(c)** You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.



**14. TAX CONSEQUENCES**. You hereby 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 your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option. Because the Common Stock is not traded on an established securities market, the Fair Market Value is determined by the Board, perhaps in consultation with an independent valuation firm retained by the Company. You acknowledge that there is no guarantee that the Internal Revenue Service will agree with the valuation as determined by the Board, and you will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that the valuation determined by the Board is less than the "fair market value" as subsequently determined by the Internal Revenue Service.

**15. NOTICES.** Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

**16. GOVERNING PLAN DOCUMENT.** Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control.

**17. CHOICE OF LAW; WAIVER OF JURY TRIAL.** The interpretation, performance and enforcement of this Agreement shall be governed by the law of the state of Delaware without regard to such state's conflicts of laws rules. YOU IRREVOCABLY WAIVE THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY LEGAL PROCEEDING RELATING TO THIS AGREEMENT OR THE ENFORCEMENT OF ANY PROVISION OF THIS AGREEMENT.

**18. WAIVER.** The failure of the Company or any successor or assign, or you, to enforce at any time any provision of this Option Agreement will not be construed to be a waiver of such provision or of any other provision of this Option Agreement.

**19. SEVERABILITY**. If all or any part of this Option Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.



**ATTACHMENT II**

**AMENDED AND RESTATED 2005 STOCK PLAN**



**ATTACHMENT III**

**NOTICE OF EXERCISE**

**ShotSpotter, Inc.**
**7979 Gateway Boulevard**
**Suite 210**
**Newark, CA 94560**

Date of Exercise:

This constitutes notice to ShotSpotter, Inc. (the "***Company***") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") for the price set forth below.

| | | |
|---|---|---|
| Type of option (check one): | Incentive ☐ | Nonstatutory ☐ |
| Stock option dated: | | |
| Number of Shares as to which option is exercised: | | |
| Certificates to be issued in name of: | | |
| Total exercise price: | $ | $ |
| Cash payment delivered herewith: | $ | $ |

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the ShotSpotter, Inc. Amended and Restated 2005 Stock Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

I hereby make the following certifications and representations with respect to the number of Shares listed above, which are being acquired by me for my own account upon exercise of the option as set forth above:

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and are deemed to constitute "restricted securities" under Rule 701 and Rule 144 promulgated under the Securities Act. I warrant and represent to the

Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

I further acknowledge that I will not be able to resell the Shares for at least ninety (90) days after the stock of the Company becomes publicly traded (*i.e.,* subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the Option shall have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Articles of Incorporation, Bylaws and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, 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 shares of Common Stock or other securities of the Company for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act (or such longer period as the underwriters or the Company shall request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation (the "***Lock-Up Period***"). I further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

Very truly yours,

**Exhibit 10.7**

**INDEMNITY AGREEMENT**

**THIS INDEMNITY AGREEMENT** (this "***Agreement***") dated as of , 20 , is made by and between **SHOTSPOTTER, INC.**, a Delaware corporation (the "***Company***"), and ("***Indemnitee***").

**RECITALS**

**A.** The Company desires to attract and retain the services of highly qualified individuals as directors, officers, employees and agents.

**B.** The Company's bylaws (the "***Bylaws***") require that the Company indemnify its directors and officers, and empowers the Company to indemnify its employees and agents, as authorized by the Delaware General Corporation Law, as amended (the "***Code***"), under which the Company is organized and such Bylaws expressly provide that the indemnification provided therein is not exclusive and contemplates that the Company may enter into separate agreements with its directors, officers and other persons to set forth specific indemnification provisions.

**C.** Indemnitee does not regard the protection currently provided by applicable law, the Bylaws, the Company's other governing documents, and available insurance as adequate under the present circumstances, and the Company has determined that Indemnitee and other directors, officers, employees and agents of the Company may not be willing to serve or continue to serve in such capacities without additional protection.

**D.** The Company desires and has requested Indemnitee to serve or continue to serve as a director, officer, employee or agent of the Company, as the case may be, and has proffered this Agreement to Indemnitee as an additional inducement to serve in such capacity.

**E.** Indemnitee is willing to serve, or to continue to serve, as a director, officer, employee or agent of the Company, as the case may be, if Indemnitee is furnished the indemnity provided for herein by the Company.

**AGREEMENT**

**NOW THEREFORE**, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

**1. Definitions**.

**(a) Agent**. For purposes of this Agreement, the term "***Agent***" of the Company means any person who: (i) is or was a director**,** officer, employee, agent, or other fiduciary of the Company or a subsidiary of the Company; or (ii) is or was serving at the request or for the convenience of, or representing the interests of, the Company or a subsidiary of the Company, as a director, officer, employee, agent, or other fiduciary of a foreign or domestic corporation, partnership, joint venture, trust or other enterprise. References to "***serving at the request of the Company***" shall include, but not be limited to, any service as a director, officer, employee or agent of the Company or any other entity which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries, including as a deemed fiduciary thereto.



**(b) Change in Control**. For purposes of this Agreement, a "***Change in Control***" shall be deemed to have occurred if (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 trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding Voting Securities, (ii) individuals who on the date of this Agreement are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board (*provided, however,* that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall be considered as a member of the Incumbent Board), or (iii) the stockholders of the Company approve 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) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or 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 of (in one transaction or a series of transactions) all or substantially all of the Company's assets.

**(c) Expenses**. For purposes of this Agreement, the term "***Expenses***" shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys', witness, or other professional fees and related disbursements, and other out-of-pocket costs of whatever nature), actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement, the Code or otherwise. The term "***Expenses***" shall also include reasonable compensation for time spent by

Indemnitee for which he or she is not compensated by the Company or any subsidiary or third party: (i) for any period during which Indemnitee is not an Agent, in the employment of, or providing services for compensation to, the Company or any subsidiary; and (ii) if the rate of compensation and estimated time involved is approved by the directors of the Company who are not parties to any action with respect to which Expenses are incurred, for Indemnitee while an Agent of, employed by, or providing services for compensation to, the Company or any subsidiary.

**(d) Independent Counsel**. For purposes of this Agreement, the term "***Independent Counsel***" means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "***Independent Counsel***" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company will pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

**(e) Liabilities**. For purposes of this Agreement, the term "***Liabilities***" shall be broadly construed and shall include, without limitation, judgments, damages, deficiencies, liabilities, losses, penalties, excise taxes, fines, assessments and amounts paid in settlement, including any interest



and any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payment under this Agreement.

**(f) Proceedings**. For purposes of this Agreement, the term "***proceeding***" shall be broadly construed and shall include, without limitation, any threatened, pending, or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, and whether formal or informal in any case, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness, or otherwise by reason of: (i) the fact that Indemnitee is or was a director or officer of the Company; (ii) the fact of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting as an Agent; or (iii) the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, and in any such case described above, whether or not serving in any such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses may be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a proceeding, this shall be considered a proceeding under this paragraph.

**(g) Subsidiary**. For purposes of this Agreement, the term "***subsidiary***" means any corporation, limited liability company, or other entity, of which more than 50% of the outstanding voting securities or equity interests are owned, directly or indirectly, by the Company and one or more of its subsidiaries, and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as an Agent.

**(h) Voting Securities**. For purposes of this Agreement, "***Voting Securities***" shall mean any securities of the Company that vote generally in the election of directors.

**2. Agreement to Serve**. Indemnitee will serve, or continue to serve, as the case may be, as an Agent, faithfully and to the best of his or her ability, at the will of such entity designated by the Company and at the request of the Company (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves such entity, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the governance documents of such entity, or until such time as Indemnitee tenders his or her resignation in writing; provided, however, that nothing contained in this Agreement is intended as an employment agreement between Indemnitee and the Company or any of its subsidiaries or to create any right to continued employment of Indemnitee with the Company or any of its subsidiaries in any capacity.

The Company acknowledges that it has entered into this Agreement and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Indemnitee under the Bylaws, to induce Indemnitee to serve, or continue to serve, as an Agent, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an Agent.

**3. Indemnification**.

**(a) Indemnification in Third Party Proceedings**. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, to the fullest extent of the law, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such



amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding, other than a proceeding by or in the right of the Company to procure a judgment in its favor, for any and all Expenses and Liabilities (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses and Liabilities) incurred by

Indemnitee in connection with the investigation, defense, settlement or appeal of such proceeding, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation of the Company, the Bylaws, vote of its stockholders or disinterested directors, or applicable law.

**(b) Indemnification in Derivative Actions and Direct Actions by the Company**. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, fullest extent permitted by applicable law, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding by or in the right of the Company to procure a judgment in its favor, against any and all Expenses actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement, or appeal of such proceedings, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3(b) in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court competent jurisdiction to be liable to the Company, unless and only to the extent that the Chancery Court of the State of Delaware or any court in which the proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

**(c) [Indemnification of Related Parties.** If (i) Indemnitee is or was affiliated with one or more venture capital funds that has invested in the Company (an "***Appointing Stockholder***"), (ii) the Appointing Stockholder is, or is threatened to be made, a party to or a participant in any proceeding, and (iii) the Appointing Stockholder's involvement in the proceeding is related to Indemnitee's service to the Company as a director of the Company or any direct or indirect subsidiaries of the Company, then, to the extent resulting from any claim based on the Indemnitee's service to the Company as an Agent, the Appointing Stockholder will be entitled to indemnification hereunder for reasonable Expenses to the same extent as Indemnitee.

**(d)** [**Fund Indemnitors.** The Company hereby acknowledges that the Indemnitee has certain rights to indemnification, advancement of Expenses or insurance, provided by **[Name of Fund/Sponsor]** and certain of **[its][their]** affiliates (collectively, the "***Fund Indemnitors***"). In the event that the Indemnitee is, or is threatened to be made, a party to or a participant in any proceeding to the extent resulting from any claim based on the Indemnitee's service as an Agent, then the Company shall (i) be an indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance Expenses or to provide indemnification for the same Expenses or liabilities incurred by Indemnitee are secondary), (ii) be required to advance reasonable Expenses incurred by Indemnitee, and (iii) be liable for the full amount of all Expenses, judgments, penalties, fines, and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and any provision of the Company's Bylaws or Certificate of Incorporation (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors. The Company irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery



of any kind in respect thereof. No advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought advancement on or indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Fund Indemnitors are express third party beneficiaries of the terms of this Section.]

**4. Indemnification of Expenses of Successful Party**. Notwithstanding any other provision of this Agreement, in circumstances where indemnification is not available under Section 3(a) or 3(b), as the case may be, to the fullest extent permitted by law and to the extent that Indemnitee is a party to (or a participant in) any proceeding and has been successful on the merits or otherwise in defense of any proceeding or in defense of any claim, issue or matter therein, in whole or part, including the dismissal of any action without prejudice, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred and Liabilities in connection with the investigation, defense or appeal of such proceeding. If Indemnitee is not wholly successful in such proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred and Liabilities incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For these purposes, Indemnitee will be deemed to have been "successful on the merits" in circumstances including but not limited to the termination of any Proceeding or of any claim, issue or matter therein, by the winning of a motion to dismiss (with or without prejudice), motion for summary judgment, settlement (with or without court approval, but provided the Indemnitee complies with Section 11(c)), or upon a plea of nolo contendere or its equivalent.

**5. Partial Indemnification; Witness Indemnification**. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses and Liabilities incurred by Indemnitee in the investigation, defense, settlement or appeal of a proceeding, but is precluded by applicable law or the specific terms of this Agreement to indemnification for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's acting as an Agent, a witness or otherwise asked to participate in any proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

**6. No Presumptions/Burden of Proof.** For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval, but provided Indemnitee complies with Section 11(c)) or conviction, or upon a plea of

nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or did not have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish by clear and convincing evidence that Indemnitee is not so entitled.



**7. Advancement of Expenses**. The Company shall advance the Expenses actually and reasonably incurred by Indemnitee in connection with any proceeding, and such advancement shall be made within twenty (20) days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice. Advances shall be unsecured, interest free and without regard to Indemnitee's ability to repay the Expenses. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Advances shall include any and all Expenses actually and reasonably incurred by Indemnitee pursuing an action to enforce Indemnitee's right to indemnification under this Agreement or otherwise and this right of advancement, including expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee acknowledges that the execution and delivery of this Agreement shall constitute an undertaking providing that Indemnitee shall, to the fullest extent required by law, repay the advance (without interest) if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. No other undertaking shall be required. The right to advances under this Section shall continue until final disposition of any proceeding, including any appeal therein. Without limiting the generality or effect of the foregoing, within twenty days after any request by Indemnitee, the Company shall, in accordance with such request (but without duplication), (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement,

**8. Notice and Other Indemnification Procedures**.

**(a) Notification of Proceeding**. Indemnitee will notify the Company in writing promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement.

**(b) Request for Indemnification Payments**. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification under the terms of this Agreement, and shall request payment thereof by the Company.

**(c) Determination of Right to Indemnification Payments**. Upon written request by Indemnitee for indemnification pursuant to the Section 7(b) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of Indemnitee: (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board of Directors, by the stockholders of the Company; *provided, however*, that if there has been a Change in Control, then such determination shall be made by Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). For purposes hereof,



disinterested directors are those members of the board of directors of the Company who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee. Indemnification payments requested by Indemnitee under Section 3 hereof shall be made by the Company no later than sixty (60) days after receipt of the written request of Indemnitee. Claims for advancement of Expenses shall be made under the provisions of Section 6 herein.

**(d) Application for Enforcement**. In the event the Company fails to make timely payments as set forth in Sections 6 or 7(b) above, Indemnitee shall have the right to apply to any court of competent jurisdiction for the purpose of enforcing Indemnitee's right to indemnification or advancement of Expenses pursuant to this Agreement. In such an enforcement hearing or proceeding, the burden of proof shall be on the Company to prove that indemnification or advancement of Expenses to Indemnitee is not required under this Agreement or permitted by applicable law. In any such proceeding to enforce any rights pursuant to this Agreement, the Company shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement and is precluded from

making any assertion to the contrary. Any determination by the Company (including its Board of Directors, a committee thereof, Independent Counsel) or stockholders of the Company, that Indemnitee is not entitled to indemnification hereunder, shall not be a defense by the Company to the action nor create any presumption that Indemnitee is not entitled to indemnification or advancement of Expenses hereunder.

**(e) Indemnification of Certain Expenses**. The Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred in connection with any hearing or proceeding under this Section 8 unless the Company prevails in such hearing or proceeding on the merits in all material respects.

**9. Assumption of Defense**. In the event the Company shall be requested by Indemnitee to pay the Expenses of any proceeding, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, or to participate to the extent permissible in such proceeding, with counsel reasonably acceptable to Indemnitee. Upon assumption of the defense by the Company and the retention of such counsel by the Company, the Company shall not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that Indemnitee shall have the right to employ separate counsel in such proceeding at Indemnitee's sole cost and expense. Notwithstanding the foregoing, if Indemnitee's counsel delivers a written notice to the Company stating that such counsel has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or the Company shall not, in fact, have employed counsel or otherwise actively pursued the defense of such proceeding within a reasonable time, then in any such event the fees and Expenses of Indemnitee's counsel to defend such proceeding shall be subject to the indemnification and advancement of Expenses provisions of this Agreement.

**10. Insurance.**

**(a)** To the extent that the Company maintains an insurance policy or policies providing liability insurance for Agents ("***D&O Insurance***"), Indemnitee shall be covered by such policy or policies in accordance with its or their terms in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's independent directors, if Indemnitee is an independent director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, if Indemnitee is not an officer or director but is a key employee. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has D&O Insurance in effect or otherwise potentially available, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set



forth in the respective policies. The Company shall thereafter take all necessary or desirable 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 policies.

**(b)** In the event of a change of control or the Company's becoming insolvent, the Company shall, to the extent reasonably practicable, maintain in 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 (a "***Tail Policy***"). Such coverage shall be non-cancellable and shall be placed and serviced for the duration of its term by the Company's incumbent insurance broker. Such broker shall place the Tail policy with the incumbent insurance carriers using the policies that were in place at the time of the change of control event (unless the incumbent carriers will not offer such policies, in which case the Tail Policy placed by the Company's insurance broker shall be substantially comparable in scope and amount as the expiring policies, and the insurance carriers for the Tail Policy shall have an AM Best rating that is the same or better than the AM Best ratings of the expiring policies).

**11. Exceptions**.

**(a) Certain Matters**. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any proceeding with respect to: (i) remuneration paid to Indemnitee if it is determined by final judgment not subject to further appeal that such remuneration was in violation of law; (ii) a final judgment not subject to further appeal rendered against Indemnitee for an accounting, disgorgement or repayment of profits made from the purchase or sale by Indemnitee of securities of the Company against Indemnitee or in connection with a settlement by or on behalf of Indemnitee to the extent it is acknowledged by Indemnitee and the Company that such amount paid in settlement resulted from Indemnitee's conduct from which Indemnitee received monetary personal profit to which Indemnitee was not entitled, pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or other provisions of any federal, state or local statute or rules and regulations thereunder; or (iii) a final judgment not subject to further appeal that Indemnitee's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct (but only to the extent of such specific determination); or (iv) on account of conduct that is established by a final judgment not subject to further appeal as constituting a breach of Indemnitee's duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnitee is not legally entitled. For purposes of the foregoing sentence, a final judgment may be reached solely in the underlying proceeding.

**(b) Claims Initiated by Indemnitee**. Notwithstanding any provision herein to the contrary, the Company shall not be obligated to indemnify or advance Expenses to Indemnitee with respect to proceedings or claims initiated or brought by Indemnitee against the Company or its Agents and not by way of defense, except (i) with respect to proceedings brought to establish or enforce a right to indemnification or advancement under this Agreement or under any other agreement, provision in the Bylaws or Certificate of Incorporation or applicable law, or (ii) with respect to any other proceeding initiated by Indemnitee that is either approved by the Board of Directors or Indemnitee's participation is required by applicable law. However, indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board of Directors determines it to be appropriate.

**(c) Settlements**. Notwithstanding any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee under this Agreement for any amounts paid in settlement of a proceeding effected without the Company's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent to any proposed settlement The Company shall not settle any action or claim in any



manner which would impose any penalty or limitation on the Indemnitee without Indemnitee's written consent, which may be given or withheld in Indemnitee's sole discretion. The Company shall not, on its own behalf, settle any part of any Proceeding to which Indemnitee is party with respect to other parties (including the Company) without the written consent of Indemnitee if any portion of such settlement is to be funded from any corporate insurance policy under which Indemnitee is an insured and for which Indemnitees claims may be covered unless approved by (1) the written consent of Indemnitee or (ii) a majority of the independent directors of the board; provided, however, that the right to constrain the Company's use of corporate insurance as described in this section shall terminate at the time the Company concludes (per the terms of this Agreement) that (i) Indemnitee is not entitled to indemnification pursuant to this agreement, or (ii) such indemnification obligation to Indemnitee has been fully discharged by the Company.

**(d) Prior Payments.** Notwithstanding any provision herein to the contrary, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee under this Agreement for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, expect with respect to any excess beyond the amount paid under any insurance policy or indemnity policy; provided, however, that payment made to Indemnitee pursuant to an insurance policy purchased and maintained by Indemnitee at his or her own expense of any amounts otherwise indemnifiable or obligated to be made pursuant to this Agreement shall not reduce the Company's obligations to Indemnitee pursuant to this Agreement.

**12. Nonexclusivity and Survival of Rights**. 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 at any time be entitled under any provision of applicable law, the Company's Certificate of Incorporation, Bylaws or other agreements, both as to action in Indemnitee's official capacity and Indemnitee's action as an Agent, in any court in which a proceeding is brought, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an Agent and shall inure to the benefit of the heirs, executors, administrators and assigns of Indemnitee. The obligations and duties of the Company to Indemnitee under this Agreement shall be binding on the Company and its successors and assigns until terminated in accordance with its terms. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to (i) assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place, and (ii) agree to indemnify Indemnitee to the fullest extent permitted by law.

No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her corporate status prior to such amendment, alteration or repeal. To the extent that a change in the Code, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, by Indemnitee shall not prevent the concurrent assertion or employment of any other right or remedy by Indemnitee.

**13. Term**. All the rights and privileges afforded by this agreement, including the right to indemnification and the advancement of legal fees provided under this Agreement, shall continue as to



Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an indemnifiable event even though Indemnitee may have ceased to serve in such capacity at the time of any Proceeding.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against an Indemnitee or an Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such five-year period; provided, however, that if any shorter period of limitations is otherwise applicable to such cause of action, such shorter period shall govern.

**14. Subrogation**. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who, at the request and expense of the Company, shall execute all papers required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

**15. Interpretation of Agreement**. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification and advancement of Expenses to Indemnitee to the fullest extent now or hereafter permitted by law.

**16. Severability/No Imputation**. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) 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 (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph 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 and to give effect to Section 15 hereof. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or the Company itself shall not be imputed to Indemnitee for purposes of determining any rights under this Agreement.

**17. Amendment and Waiver**. No supplement, modification, amendment, or cancellation of this Agreement shall be binding unless executed in writing by 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) nor shall such waiver constitute a continuing waiver.

**18. Notice**. Except as otherwise provided herein, any notice or demand which, by the provisions hereof, is required or which may be given to or served upon the parties hereto shall be in writing and, if by electronic transmission, shall be deemed to have been validly served, given or delivered when sent, if by overnight delivery, courier or personal delivery, shall be deemed to have been validly served, given or delivered upon actual delivery and, if mailed, shall be deemed to have been validly served, given or delivered three (3) business days after deposit in the United States mail, as registered or certified mail, with proper postage prepaid and addressed to the party or parties to be notified at the addresses set forth on the signature page of this Agreement (or such other address(es) as a party may designate for itself by like notice). If to the Company, notices and demands shall be delivered to the attention of the Secretary of the Company.



**19. 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 within Delaware.

**20. Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

**21. Headings**. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

**22. Entire Agreement**. Subject to Section 11 hereof, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, written and oral, between the parties with respect to the subject matter of this Agreement; provided, however, that this Agreement is a supplement to and in furtherance of the Company's Certificate of Incorporation, Bylaws, the Code and any other applicable law, and shall not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

**23. Determination of Good Faith/Safe Harbor**. For purposes of any determination of good faith, Indemnitee shall be presumed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or the Board or counsel selected by any committee of the Board or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser, investment banker, compensation consultant, or other expert selected with reasonable care by the Company or the Board or any committee of the Board. The provisions of this Section 23 shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct. Whether or not the foregoing provisions of this Section are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

**24. Monetary Damages Insufficient/Specific Performance**. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

**25. Information Sharing**. If Indemnitee is the subject of or is implicated in any way during an investigation, whether formal or informal, the Company shall promptly notify the Indemnitee of such investigation. The Company shall further share with Indemnitee any information it has turned over to any

third parties concerning the investigation ("***Shared Information***") at the time such information is so furnished. By executing this agreement, Indemnitee agrees that such Shared Information is material non-public information that Indemnitee is obligated to hold in confidence and may not disclose publicly; provided, however, that Indemnitee is permitted to use the Shared Information and to disclose such Shared information to Indemnitee's legal counsel and third parties solely in connection with defending Indemnitee from legal liability.

**26.** **Contribution**. 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 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 Indemnitee in connection with such event(s) and/or transaction(s).

**27.** **Consent to Jurisdiction**. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "***Delaware Court***"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) agree to appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, an agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.



**IN WITNESS WHEREOF**, the parties hereto have entered into this Agreement effective as of the date first above written.

**COMPANY**

By: _____
Name: _____
Title: _____

**INDEMNITEE**

_____
Signature of Indemnitee

_____
Print or Type Name of Indemnitee

**Exhibit 10.8**

March 13, 2017

Ralph Clark

Dear Ralph:

Since July 6, 2010, you have been employed by ShotSpotter, Inc. (the "**Company**") as its President and Chief Executive Officer pursuant to a letter agreement with the Company dated July 2, 2010 (the "**Prior Letter Agreement**"). The Company desires to continue your employment as its President and Chief Executive Officer and provide you with certain compensation and benefits in return for your services, and you agree to be retained by the Company in such capacity and to receive the compensation and benefits on the terms and conditions set forth in this letter agreement (the "**Letter Agreement**"). The Company and you desire to enter into this Letter Agreement to become effective and replace and supersede the Prior Letter Agreement, subject to your signature below, effective as of the date of this Letter Agreement (the "**Effective Date**") in order to memorialize the terms and conditions of your employment by the Company upon and following the Effective Date.

As the President and Chief Executive Officer of the Company, you will report to the Company's Board of Directors (the "**Board**") and have the duties and responsibilities customarily associated with such position, including, but not limited to, those duties and responsibilities that the Board may determine from time to time. You will devote your full business efforts and time to the Company. Further, you agree not to actively engage in any other employment, occupation, or consulting activity related to the business of the Company for any direct or indirect remuneration during your employment with the Company without the prior written approval of the Board. Your principal place of business for the performance of your duties and responsibilities will be the Company's corporate headquarters in Newark, California, provided, however, that the Company may from time to time require you to travel temporarily to other locations (domestic and international) in connection with the Company's business.

During the period in which you are employed as the Company's President and Chief Executive Officer, you will serve as a member of the Board, subject to any required Board and/or stockholder approval. Unless the Board provides otherwise, upon your termination of employment as the Company's President and Chief Executive Officer for any reason, you will automatically and without further action immediately be deemed to have resigned from the Board.

You will receive an annual salary of $300,000.00 which will be paid periodically in accordance with the Company's normal payroll practices and will be subject to the usual, required withholding. Your base salary will be subject to annual review by the Board or its Compensation Committee, and adjustments will be made based upon the Company's normal performance review practices.

You will be eligible to earn an annual performance bonus with a target amount up to 100% of your annual salary (the "**Target Amount**") for each full fiscal year while you are



employed by the Company; provided that you must remain employed by the Company on the last day of such fiscal year to be eligible for a bonus. The Target Amount is subject to review and adjustment by the Board or its Compensation Committee in its sole discretion. Any annual performance bonus shall be awarded based on objective or subjective performance criteria determined by the Board or its Compensation Committee in its sole discretion after consultation with you. The Board or its Compensation Committee will determine in its sole discretion the extent to which you and the Company have achieved the performance criteria upon which the bonus is based and the amount of the bonus, which could be below the Target Amount (and may be $0). Any annual performance bonus earned for any given fiscal year will be paid to you on the date on which annual performance bonuses are paid to all other senior executives of the Company, but in no event later than the date that is two and one-half months following the end of the fiscal year for which the bonus is earned and no longer subject to a substantial risk of forfeiture.

You will be entitled to participate in all employee benefit plans and arrangements and fringe benefits and programs that may be provided to senior executives of the Company from time to time while you are employed by the Company, subject to plan terms and generally applicable Company policies. The Company may provide benefits, payroll, and other human resource management services through a professional employer organization, in which case such professional employer organization will be considered your employer of record for these benefits and payroll purposes. (The term for this relationship is "co-employment.")

You were previously granted an option to purchase 247,059 shares of the Company's common stock on October 30, 2012 under the Company's 2005 Stock Plan (the "**2005 Plan**") and form of stock option agreement ("**Option Agreement**"), and options to purchase 205,884 and 117,648 shares of the Company's common stock on December 12, 2012 and July 19, 2016, respectively, under the Company's Amended and Restated 2005 Stock Plan (the "**A&R 2005 Plan**") and an Option Agreement. The Options are governed by the terms of the respective 2005 Plan, A&R 2005 Plan and Option Agreements, unless specifically stated otherwise in this Letter Agreement.

Notwithstanding the vesting schedule set forth in the Option Agreements governing the Options, in the event that you are terminated by the Company other than for Cause (as defined below), death or disability, such termination occurs prior to a Change of Control (as defined below), you sign and do not revoke a standard release of claims in a form acceptable to the Company or its successor entity (a "**Release**"), and such Release becomes nonrevocable, effective and enforceable in accordance with its terms within 60 days following the effective date of termination (such date that the Release becomes nonrevocable, effective and enforceable is referred to as the "**Release Effective Date**"), then you shall receive the following:

1. Effective as of your termination date, additional monthly vesting of the unvested shares subject to the Options (if any) that would have vested pursuant to the vesting schedule set forth in the Option Agreements during the 6 months following your termination date if you had remained employed through such period; and



2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

Notwithstanding the vesting schedule set forth in the Option Agreements governing the Options, in the event that, immediately prior to, or within 12 months following a Change of Control, your employment is terminated by the Company other than for Cause (as defined below), death or disability, or you resign your position with the Company for Good Reason (as defined below), you sign and do not revoke a Release, and such Release becomes nonrevocable, effective and enforceable in accordance with its terms within 60 days following the effective date of termination, then you shall receive the following:

1. Effective as of your termination date, 100% of the unvested shares subject to the Options (if any) will immediately vest and become exercisable; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

You should be aware that your employment with the Company constitutes "**at-will**" employment. This means that your employment relationship with the Company may be terminated at any time with or without notice, with or without good cause or for any or no cause, at either party's option. You understand and agree that neither your job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company.

You will be entitled to paid vacation in accordance with the Company's vacation policy as applicable to the Company's executive officers, with the timing and duration of specific vacations mutually and reasonably agreed to by you and the Company.

For these purposes, "**Cause**" means: (1) your failure to perform the duties of your position (as they may exist from time to time) to the reasonable satisfaction of the Board where such failure causes or is reasonably likely to cause a material adverse consequence on the business, properties, assets, results of operations, or condition (financial or otherwise) of the Company, after receipt of a written warning and your continued failure to cure such default to the reasonable satisfaction of the Board within 10 days following receipt of such written warning; (2) any act of dishonesty, fraud or misrepresentation taken by you in connection with your responsibilities as an employee that is intended to result in your personal enrichment; (3) your conviction or plea of no contest to felony or a crime involving moral turpitude; (4) willful misconduct by you that is injurious to the Company's reputation or business; or (5) your material breach of any covenant or condition of this Letter Agreement, the NDA Agreement (as defined below) or any other agreement between you and the Company. For purposes of this definition, an act or failure to act will be deemed "willful" if undertaken not in good faith or without reasonable belief that such action or failure to act was in the best interests of the Company.



For these purposes, "**Good Reason**" means your voluntary resignation of your employment following any one or more of the following events that occur without your consent: (1) a material reduction of your duties, position or responsibilities, or your removal from such position and responsibilities, unless you are provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority, compensation and status); provided, however, that a reduction in duties, position or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Executive Officer of the Company remains as such following a Change of Control but is not made the Chief Executive Officer of the acquiring corporation) shall not constitute "**Good Reason;**" (2) your principal work location is moved more than 50 miles from its current location; (3) the Company or its successor materially reduces your aggregate base salary (other than a similar reduction applicable to executives generally); or (4) the Company's material breach of any covenant of this Letter Agreement; provided, however, that, any such resignation by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to terminate for Good Reason within 30 days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within 30 days following receipt of the written notice (the "**Cure Period**"); and (3) you voluntarily terminate your employment within 30 days following the end of the Cure Period.

(i) For these purposes, "**Change of Control**" means a "Change in Control" as defined in the A&R 2005 Plan.

The Company will be entitled to withhold from any payment due to you hereunder any amounts required to be withheld by applicable tax laws or regulations.

As a condition of your continued employment, you are also required to sign and continue to comply with the Company's standard form of employee nondisclosure and assignment agreement ("**NDA Agreement**"), which is hereby incorporated by reference. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (1) any and all disputes between you and the Company will be fully and finally resolved by binding arbitration, (2) you are waiving any and all rights to a jury

trial but all court remedies will be available in arbitration, (3) all disputes will be resolved by a neutral arbitrator who will issue a written opinion, (4) the arbitration will provide for adequate discovery, and (5) the Company will pay all but the first $125 of the arbitration fees (not including legal expenses).

It is intended that all of the cash severance payments payable under this Letter Agreement upon termination of your employment ("**Severance Benefits**") satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations and other guidance thereunder and any state law of similar effect (collectively, "**Section 409A**") provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9), and this Letter Agreement will be construed in a manner that complies with such exemptions. If not so exempt, this Letter Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and incorporates by reference all required definitions and payment terms. No severance payments will be made under this Letter Agreement unless your termination of employment constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h) without



regard to any alternative definition) (a "**Separation from Service**"). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulations Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this Letter Agreement (whether severance payments or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. If the Company determines that the severance payments provided under this Letter Agreement constitute "deferred compensation" under Section 409A and if you are a "specified employee" of the Company, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, at the time of your Separation from Service, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefits will be delayed as follows: on the earlier to occur of (a) the date that is six months and one day after your Separation from Service, and (b) the date of your death (such earlier date, the "**Delayed Initial Payment Date**"), the Company will (i) pay to you a lump sum amount equal to the sum of the Severance Benefits that you would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the Severance Benefits had not been delayed pursuant to this paragraph, and (ii) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedule set forth in this Letter Agreement. No interest shall be due on any amounts deferred pursuant to this paragraph. To the extent that any Severance Benefits are deferred compensation under Section 409A, and are not otherwise exempt from the application of Section 409A, then, if the period during which you may consider and sign the Release spans two calendar years, the payment of any such Severance Benefit will not be made or begin until the later calendar year.

If any payment or benefit you will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment pursuant to this Letter Agreement or otherwise (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "**Pro Rata Reduction Method**"). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments



that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Unless you and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change of control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within 15 calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the paragraph above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you shall promptly return to

the Company a sufficient amount of the Payment so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the paragraph above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

This Letter Agreement, together with the 2005 Plan, A&R 2005 Plan, Option Agreements and the NDA Agreement, represents the entire agreement and understanding between you and the Company concerning your employment relationship with the Company, and supersedes in its entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral, including but not limited to the Prior Letter Agreement.

The terms of this Letter Agreement may only be amended, canceled or discharged in writing signed by you and the Company. This Letter Agreement will be governed by the internal substantive laws, but not the choice of law rules, of the State of California.

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

You acknowledge that you have had the opportunity to discuss this matter with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Letter Agreement, and are knowingly and voluntarily entering into this Letter Agreement.



Sincerely,

/s/ Randy Hawks

Randy Hawks
*Director, ShotSpotter Board of Directors*

I agree to and accept employment with ShotSpotter, Inc. on the terms and conditions set forth in this agreement.

Date: 26 March 2017

/s/ Ralph Clark
Ralph Clark

**Exhibit 10.9**

March 13, 2017

Alan Stewart

Dear Alan:

Since February 3, 2017, you have been employed by ShotSpotter, Inc. (the "**Company**") as its Chief Financial Officer pursuant to a letter agreement with the Company dated January 4, 2017 (the "**Prior Letter Agreement**"). The Company desires to continue your employment as its Chief Financial Officer and provide you with certain compensation and benefits in return for your services, and you agree to be retained by the Company in such capacity and to receive the compensation and benefits on the terms and conditions set forth in this letter agreement (the "**Letter Agreement**"). The Company and you desire to enter into this Letter Agreement to become effective and replace and supersede the Prior Letter Agreement, subject to your signature below, effective as of the date of this Letter Agreement (the "**Effective Date**") in order to memorialize the terms and conditions of your employment by the Company upon and following the Effective Date.

As the Chief Financial Officer of the Company, you will report to the Company's President and Chief Executive Officer and have the duties and responsibilities customarily associated with such position, including, but not limited to, those duties and responsibilities that the Board may determine from time to time. You will devote your full business efforts and time to the Company. Further, you agree not to actively engage in any other employment, occupation, or consulting activity related to the business of the Company for any direct or indirect remuneration during your employment with the Company without the prior written approval of the Board. Your principal place of business for the performance of your duties and responsibilities will be the Company's corporate headquarters in Newark, California, provided, however, that the Company may from time to time require you to travel temporarily to other locations (domestic and international) in connection with the Company's business.

You will receive an annual salary of $250,000.00 which will be paid periodically in accordance with the Company's normal payroll practices and will be subject to the usual, required withholding. Your base salary will be subject to annual review by the Board of Directors (the "**Board**") or its Compensation Committee, and adjustments will be made based upon the Company's normal performance review practices.

You will be eligible to earn an annual performance bonus with a target amount of $150,000 (the "**Target Amount**") for each full fiscal year while you are employed by the Company; provided that you must remain employed by the Company on the last day of such fiscal year to be eligible for a bonus. The Target Amount is subject to review and adjustment by the Board or its Compensation Committee in its sole discretion. Any annual performance bonus shall be awarded based on objective or subjective performance criteria determined by the Board or its Compensation Committee in its sole discretion after consultation with you. The Board or its Compensation Committee will determine in its sole discretion the extent to which you and the



Company have achieved the performance criteria upon which the bonus is based and the amount of the bonus, which could be below the Target Amount (and may be $0). Any annual performance bonus earned for any given fiscal year will be paid to you on the date on which annual performance bonuses are paid to all other senior executives of the Company, but in no event later than the date that is two and one-half months following the end of the fiscal year for which the bonus is earned and no longer subject to a substantial risk of forfeiture.

You will be entitled to participate in all employee benefit plans and arrangements and fringe benefits and programs that may be provided to senior executives of the Company from time to time while you are employed by the Company, subject to plan terms and generally applicable Company policies. The Company may provide benefits, payroll, and other human resource management services through a professional employer organization, in which case such professional employer organization will be considered your employer of record for these benefits and payroll purposes. (The term for this relationship is "co-employment.")

Subject to approval by the Board, the Company will grant you an option to purchase shares of the Company's common stock under the Company's Amended and Restated 2005 Stock Plan (the "**A&R 2005 Plan**") and an Option Agreement. The Options are governed by the terms of the respective 2005 Plan, A&R 2005 Plan and Option Agreements, unless specifically stated otherwise in this Letter Agreement.

Notwithstanding the vesting schedule set forth in the Option Agreements governing the Options, in the event that you are terminated by the Company other than for Cause (as defined below), death or disability, such termination occurs prior to a Change of Control (as defined below), you sign and do not revoke a standard release of claims in a form acceptable to the Company or its successor entity (a "**Release**"), and such Release becomes nonrevocable, effective and enforceable in accordance with its terms within 60 days following the effective date of termination (such date that the Release becomes nonrevocable, effective and enforceable is referred to as the "**Release Effective Date**"), then you shall receive the following:

1. Effective as of your termination date, additional monthly vesting of the unvested shares subject to the Options (if any) that would have vested pursuant to the vesting schedule set forth in the Option Agreements during the 6 months following your termination date if you had remained employed through such period; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid

periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

Notwithstanding the vesting schedule set forth in the Option Agreements governing the Options, in the event that, immediately prior to, or within 12 months following a Change of Control, your employment is terminated by the Company other than for Cause (as defined below), death or disability, or you resign your position with the Company for Good Reason (as defined below), you sign and do not revoke a Release, and such Release becomes nonrevocable,



effective and enforceable in accordance with its terms within 60 days following the effective date of termination, then you shall receive the following:

1. Effective as of your termination date, 100% of the unvested shares subject to the Options (if any) will immediately vest and become exercisable; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

You should be aware that your employment with the Company constitutes "**at-will**" employment. This means that your employment relationship with the Company may be terminated at any time with or without notice, with or without good cause or for any or no cause, at either party's option. You understand and agree that neither your job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company.

You will be entitled to paid vacation in accordance with the Company's vacation policy as applicable to the Company's executive officers, with the timing and duration of specific vacations mutually and reasonably agreed to by you and the Company.

For these purposes, "**Cause**" means: (1) your failure to perform the duties of your position (as they may exist from time to time) to the reasonable satisfaction of the Board where such failure causes or is reasonably likely to cause a material adverse consequence on the business, properties, assets, results of operations, or condition (financial or otherwise) of the Company, after receipt of a written warning and your continued failure to cure such default to the reasonable satisfaction of the Board within 10 days following receipt of such written warning; (2) any act of dishonesty, fraud or misrepresentation taken by you in connection with your responsibilities as an employee that is intended to result in your personal enrichment; (3) your conviction or plea of no contest to felony or a crime involving moral turpitude; (4) willful misconduct by you that is injurious to the Company's reputation or business; or (5) your material breach of any covenant or condition of this Letter Agreement, the NDA Agreement (as defined below) or any other agreement between you and the Company. For purposes of this definition, an act or failure to act will be deemed "willful" if undertaken not in good faith or without reasonable belief that such action or failure to act was in the best interests of the Company.

For these purposes, "**Good Reason**" means your voluntary resignation of your employment following any one or more of the following events that occur without your consent: (1) a material reduction of your duties, position or responsibilities, or your removal from such position and responsibilities, unless you are provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority, compensation and status); provided, however, that a reduction in duties, position or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Executive Officer of the Company remains as such following a Change of Control but is not made the Chief Executive Officer of the acquiring corporation) shall not constitute "**Good Reason;**" (2)



your principal work location is moved more than 50 miles from its current location; (3) the Company or its successor materially reduces your aggregate base salary (other than a similar reduction applicable to executives generally); or (4) the Company's material breach of any covenant of this Letter Agreement; provided, however, that, any such resignation by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to terminate for Good Reason within 30 days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within 30 days following receipt of the written notice (the "**Cure Period**"); and (3) you voluntarily terminate your employment within 30 days following the end of the Cure Period.

(i) For these purposes, "**Change of Control**" means a "Change in Control" as defined in the A&R 2005 Plan.

The Company will be entitled to withhold from any payment due to you hereunder any amounts required to be withheld by applicable tax laws or regulations.

As a condition of your continued employment, you are also required to sign and continue to comply with the Company's standard form of employee nondisclosure and assignment agreement ("**NDA Agreement**"), which is hereby incorporated by reference. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (1) any and all disputes between you and the Company will be fully and finally resolved by binding arbitration, (2) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (3) all disputes will be resolved by a neutral arbitrator who will issue a written

opinion, (4) the arbitration will provide for adequate discovery, and (5) the Company will pay all but the first $125 of the arbitration fees (not including legal expenses).

It is intended that all of the cash severance payments payable under this Letter Agreement upon termination of your employment ("**Severance Benefits**") satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations and other guidance thereunder and any state law of similar effect (collectively, "**Section 409A**") provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9), and this Letter Agreement will be construed in a manner that complies with such exemptions. If not so exempt, this Letter Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and incorporates by reference all required definitions and payment terms. No severance payments will be made under this Letter Agreement unless your termination of employment constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h) without regard to any alternative definition) (a "**Separation from Service**"). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulations Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this Letter Agreement (whether severance payments or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. If the Company determines that the severance payments provided under this Letter Agreement constitute "deferred compensation" under Section 409A and if you are a "specified employee" of the Company, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, at the time of your Separation from Service, then, solely to



the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefits will be delayed as follows: on the earlier to occur of (a) the date that is six months and one day after your Separation from Service, and (b) the date of your death (such earlier date, the "**Delayed Initial Payment Date**"), the Company will (i) pay to you a lump sum amount equal to the sum of the Severance Benefits that you would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the Severance Benefits had not been delayed pursuant to this paragraph, and (ii) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedule set forth in this Letter Agreement. No interest shall be due on any amounts deferred pursuant to this paragraph. To the extent that any Severance Benefits are deferred compensation under Section 409A, and are not otherwise exempt from the application of Section 409A, then, if the period during which you may consider and sign the Release spans two calendar years, the payment of any such Severance Benefit will not be made or begin until the later calendar year.

If any payment or benefit you will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment pursuant to this Letter Agreement or otherwise (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "**Pro Rata Reduction Method**"). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Unless you and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change of control transaction triggering the Payment shall perform the



foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within 15 calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the paragraph above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you shall promptly return to

the Company a sufficient amount of the Payment so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the paragraph above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

This Letter Agreement, together with the 2005 Plan, A&R 2005 Plan, Option Agreements and the NDA Agreement, represents the entire agreement and understanding between you and the Company concerning your employment relationship with the Company, and supersedes in its entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral, including but not limited to the Prior Letter Agreement.

The terms of this Letter Agreement may only be amended, canceled or discharged in writing signed by you and the Company. This Letter Agreement will be governed by the internal substantive laws, but not the choice of law rules, of the State of California.

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

You acknowledge that you have had the opportunity to discuss this matter with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Letter Agreement, and are knowingly and voluntarily entering into this Letter Agreement.

Sincerely,

/s/ Ralph Clark

Ralph Clark
*President & CEO*



I agree to and accept employment with ShotSpotter, Inc. on the terms and conditions set forth in this agreement.

Date: 3/22/17

/s/ Alan R. Stewart
Alan Stewart

**Exhibit 10.10**

March 13, 2017

Joseph Hawkins

Dear Joseph:

Since July 2, 2012, you have been employed by ShotSpotter, Inc. (the "**Company**") as its Senior Vice President, Operations pursuant to a letter agreement with the Company dated June 21, 2012 (the "**Prior Letter Agreement**"). The Company desires to continue your employment as its Senior Vice President of Operations and provide you with certain compensation and benefits in return for your services, and you agree to be retained by the Company in such capacity and to receive the compensation and benefits on the terms and conditions set forth in this letter agreement (the "**Letter Agreement**"). The Company and you desire to enter into this Letter Agreement to become effective and replace and supersede the Prior Letter Agreement, subject to your signature below, effective as of the date of this Letter Agreement (the "**Effective Date**") in order to memorialize the terms and conditions of your employment by the Company upon and following the Effective Date.

As the Senior Vice President, Operations of the Company, you will report to the Company's President and Chief Executive Officer and have the duties and responsibilities customarily associated with such position, including, but not limited to, those duties and responsibilities that the Board may determine from time to time. You will devote your full business efforts and time to the Company. Further, you agree not to actively engage in any other employment, occupation, or consulting activity related to the business of the Company for any direct or indirect remuneration during your employment with the Company without the prior written approval of the Board. Your principal place of business for the performance of your duties and responsibilities will be the Company's corporate headquarters in Newark, California, provided, however, that the Company may from time to time require you to travel temporarily to other locations (domestic and international) in connection with the Company's business.

You will receive an annual salary of $225,000.00 which will be paid periodically in accordance with the Company's normal payroll practices and will be subject to the usual, required withholding. Your base salary will be subject to annual review by the Board or its Compensation Committee, and adjustments will be made based upon the Company's normal performance review practices.

You will be eligible to earn an annual performance bonus with a target amount equal to 25% of your annual salary (the "**Target Amount**") for each full fiscal year while you are employed by the Company; provided that you must remain employed by the Company on the last day of such fiscal year to be eligible for a bonus. The Target Amount is subject to review and adjustment by the Board or its Compensation Committee in its sole discretion. Any annual performance bonus shall be awarded based on objective or subjective performance criteria determined by the Board or its Compensation Committee in its sole discretion after consultation with you. The Board or its Compensation Committee will determine in its sole discretion the extent to which you and the Company have achieved the performance criteria upon which the



bonus is based and the amount of the bonus, which could be below the Target Amount (and may be $0). Any annual performance bonus earned for any given fiscal year will be paid to you on the date on which annual performance bonuses are paid to all other senior executives of the Company, but in no event later than the date that is two and one-half months following the end of the fiscal year for which the bonus is earned and no longer subject to a substantial risk of forfeiture.

You will be entitled to participate in all employee benefit plans and arrangements and fringe benefits and programs that may be provided to senior executives of the Company from time to time while you are employed by the Company, subject to plan terms and generally applicable Company policies. The Company may provide benefits, payroll, and other human resource management services through a professional employer organization, in which case such professional employer organization will be considered your employer of record for these benefits and payroll purposes. (The term for this relationship is "co-employment.")

You were previously granted an option to purchase 29,412 shares of the Company's common stock on October 30, 2012 under the Company's 2005 Stock Plan (the "**2005 Plan**") and form of stock option agreement ("**Option Agreement**"), and an option to purchase 14,706 shares of the Company's common stock on February 2, 2016 under the Company's Amended and Restated 2005 Stock Plan (the "**A&R 2005 Plan**") and an Option Agreement. The Options are governed by the terms of the respective 2005 Plan, A&R 2005 Plan and Option Agreements, unless specifically stated otherwise in this Letter Agreement.

Notwithstanding the vesting schedule set forth in the Option Agreements governing the Options, in the event that you are terminated by the Company other than for Cause (as defined below), death or disability, such termination occurs prior to a Change of Control (as defined below), you sign and do not revoke a standard release of claims in a form acceptable to the Company or its successor entity (a "**Release**"), and such Release becomes nonrevocable, effective and enforceable in accordance with its terms within 60 days following the effective date of termination (such date that the Release becomes nonrevocable, effective and enforceable is referred to as the "**Release Effective Date**"), then you shall receive the following:

1. Effective as of your termination date, additional monthly vesting of the unvested shares subject to the Options (if any) that would have vested pursuant to the vesting schedule set forth in the Option Agreements during the 6 months following your termination date if you had remained employed through such period; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid

periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

Notwithstanding the vesting schedule set forth in the Option Agreements governing the Options, in the event that, immediately prior to, or within 12 months following a Change of Control, your employment is terminated by the Company other than for Cause (as defined below), death or disability, or you resign your position with the Company for Good Reason (as



defined below), you sign and do not revoke a Release, and such Release becomes nonrevocable, effective and enforceable in accordance with its terms within 60 days following the effective date of termination, then you shall receive the following:

1. Effective as of your termination date, 100% of the unvested shares subject to the Options (if any) will immediately vest and become exercisable; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

You should be aware that your employment with the Company constitutes "**at-will**" employment. This means that your employment relationship with the Company may be terminated at any time with or without notice, with or without good cause or for any or no cause, at either party's option. You understand and agree that neither your job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company.

You will be entitled to paid vacation in accordance with the Company's vacation policy as applicable to the Company's executive officers, with the timing and duration of specific vacations mutually and reasonably agreed to by you and the Company.

For these purposes, "**Cause**" means: (1) your failure to perform the duties of your position (as they may exist from time to time) to the reasonable satisfaction of the Board where such failure causes or is reasonably likely to cause a material adverse consequence on the business, properties, assets, results of operations, or condition (financial or otherwise) of the Company, after receipt of a written warning and your continued failure to cure such default to the reasonable satisfaction of the Board within 10 days following receipt of such written warning; (2) any act of dishonesty, fraud or misrepresentation taken by you in connection with your responsibilities as an employee that is intended to result in your personal enrichment; (3) your conviction or plea of no contest to felony or a crime involving moral turpitude; (4) willful misconduct by you that is injurious to the Company's reputation or business; or (5) your material breach of any covenant or condition of this Letter Agreement, the NDA Agreement (as defined below) or any other agreement between you and the Company. For purposes of this definition, an act or failure to act will be deemed "willful" if undertaken not in good faith or without reasonable belief that such action or failure to act was in the best interests of the Company.

For these purposes, "**Good Reason**" means your voluntary resignation of your employment following any one or more of the following events that occur without your consent: (1) a material reduction of your duties, position or responsibilities, or your removal from such position and responsibilities, unless you are provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority, compensation and status); provided, however, that a reduction in duties, position or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Executive Officer of the Company remains as such following a Change of Control but is not made the



Chief Executive Officer of the acquiring corporation) shall not constitute "**Good Reason;**" (2) your principal work location is moved more than 50 miles from its current location; (3) the Company or its successor materially reduces your aggregate base salary (other than a similar reduction applicable to executives generally); or (4) the Company's material breach of any covenant of this Letter Agreement; provided, however, that, any such resignation by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to terminate for Good Reason within 30 days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within 30 days following receipt of the written notice (the "**Cure Period**"); and (3) you voluntarily terminate your employment within 30 days following the end of the Cure Period.

(i) For these purposes, "**Change of Control**" means a "Change in Control" as defined in the A&R 2005 Plan.

The Company will be entitled to withhold from any payment due to you hereunder any amounts required to be withheld by applicable tax laws or regulations.

As a condition of your continued employment, you are also required to sign and continue to comply with the Company's standard form of employee nondisclosure and assignment agreement ("**NDA Agreement**"), which is hereby incorporated by reference. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (1) any and all disputes between you and the Company will be fully and finally resolved by binding arbitration, (2) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (3) all disputes will be resolved by a neutral arbitrator who will issue a written opinion, (4) the arbitration will provide for adequate discovery, and (5) the Company will pay all but the first $125 of the arbitration fees

(not including legal expenses).

It is intended that all of the cash severance payments payable under this Letter Agreement upon termination of your employment ("**Severance Benefits**") satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations and other guidance thereunder and any state law of similar effect (collectively, "**Section 409A**") provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9), and this Letter Agreement will be construed in a manner that complies with such exemptions. If not so exempt, this Letter Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and incorporates by reference all required definitions and payment terms. No severance payments will be made under this Letter Agreement unless your termination of employment constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h) without regard to any alternative definition) (a "**Separation from Service**"). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulations Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this Letter Agreement (whether severance payments or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. If the Company determines that the severance payments provided under this Letter Agreement constitute "deferred compensation" under Section 409A and if you are a "specified employee" of the Company, as such term is defined in



Section 409A(a)(2)(B)(i) of the Code, at the time of your Separation from Service, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefits will be delayed as follows: on the earlier to occur of (a) the date that is six months and one day after your Separation from Service, and (b) the date of your death (such earlier date, the "**Delayed Initial Payment Date**"), the Company will (i) pay to you a lump sum amount equal to the sum of the Severance Benefits that you would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the Severance Benefits had not been delayed pursuant to this paragraph, and (ii) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedule set forth in this Letter Agreement. No interest shall be due on any amounts deferred pursuant to this paragraph. To the extent that any Severance Benefits are deferred compensation under Section 409A, and are not otherwise exempt from the application of Section 409A, then, if the period during which you may consider and sign the Release spans two calendar years, the payment of any such Severance Benefit will not be made or begin until the later calendar year.

If any payment or benefit you will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment pursuant to this Letter Agreement or otherwise (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "**Pro Rata Reduction Method**"). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Unless you and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the



effective date of the change of control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within 15 calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the paragraph above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you shall promptly return to the Company a sufficient amount of the Payment so that no portion of the remaining Payment is subject to the Excise Tax. For the

avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the paragraph above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

This Letter Agreement, together with the 2005 Plan, A&R 2005 Plan, Option Agreements and the NDA Agreement, represents the entire agreement and understanding between you and the Company concerning your employment relationship with the Company, and supersedes in its entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral, including but not limited to the Prior Letter Agreement.

The terms of this Letter Agreement may only be amended, canceled or discharged in writing signed by you and the Company. This Letter Agreement will be governed by the internal substantive laws, but not the choice of law rules, of the State of California.

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

You acknowledge that you have had the opportunity to discuss this matter with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Letter Agreement, and are knowingly and voluntarily entering into this Letter Agreement.

Sincerely,

/s/ Ralph Clark
Ralph Clark
*President & CEO*



I agree to and accept employment with ShotSpotter, Inc. on the terms and conditions set forth in this agreement.

Date: 3/15/2017

/s/ Joseph Hawkins
Joseph Hawkins

**Exhibit 10.11**

March 13, 2017

Paul Ames

Dear Paul:

Since November 17, 2014, you have been employed by ShotSpotter, Inc. (the "**Company**") as its Senior Vice President of Products and Engineering pursuant to a letter agreement with the Company dated October 31, 2014 (the "**Prior Letter Agreement**"). The Company desires to continue your employment as its Senior Vice President of Products and Engineering and provide you with certain compensation and benefits in return for your services, and you agree to be retained by the Company in such capacity and to receive the compensation and benefits on the terms and conditions set forth in this letter agreement (the "**Letter Agreement**"). The Company and you desire to enter into this Letter Agreement to become effective and replace and supersede the Prior Letter Agreement, subject to your signature below, effective as of the date of this Letter Agreement (the "**Effective Date**") in order to memorialize the terms and conditions of your employment by the Company upon and following the Effective Date.

As the Senior Vice President of Products and Technology of the Company, you will report to the Company's President and Chief Executive Officer (the "**Board**") and have the duties and responsibilities customarily associated with such position, including, but not limited to, those duties and responsibilities that the Board may determine from time to time. You will devote your full business efforts and time to the Company. Further, you agree not to actively engage in any other employment, occupation, or consulting activity related to the business of the Company for any direct or indirect remuneration during your employment with the Company without the prior written approval of the Board. Your principal place of business for the performance of your duties and responsibilities will be the Company's corporate headquarters in Newark, California, provided, however, that the Company may from time to time require you to travel temporarily to other locations (domestic and international) in connection with the Company's business.

You will receive an annual salary of $225,000.00 (effective March 16, 2017) which will be paid periodically in accordance with the Company's normal payroll practices and will be subject to the usual, required withholding. Your base salary will be subject to annual review by the Board or its Compensation Committee, and adjustments will be made based upon the Company's normal performance review practices.

You will be eligible to earn an annual performance bonus with a target amount equal to 25% of your annual salary (the "**Target Amount**") for each full fiscal year while you are employed by the Company; provided that you must remain employed by the Company on the last day of such fiscal year to be eligible for a bonus. The Target Amount is subject to review and adjustment by the Board or its Compensation Committee in its sole discretion. Any annual performance bonus shall be awarded based on objective or subjective performance criteria determined by the Board or its Compensation Committee in its sole discretion after consultation



with you. The Board or its Compensation Committee will determine in its sole discretion the extent to which you and the Company have achieved the performance criteria upon which the bonus is based and the amount of the bonus, which could be below the Target Amount (and may be $0). Any annual performance bonus earned for any given fiscal year will be paid to you on the date on which annual performance bonuses are paid to all other senior executives of the Company, but in no event later than the date that is two and one-half months following the end of the fiscal year for which the bonus is earned and no longer subject to a substantial risk of forfeiture.

You will be entitled to participate in all employee benefit plans and arrangements and fringe benefits and programs that may be provided to senior executives of the Company from time to time while you are employed by the Company, subject to plan terms and generally applicable Company policies. The Company may provide benefits, payroll, and other human resource management services through a professional employer organization, in which case such professional employer organization will be considered your employer of record for these benefits and payroll purposes. (The term for this relationship is "co-employment.")

You were previously granted an option to purchase 22,059 shares September 16, 2015 under the Company's Amended and Restated 2005 Stock Plan (the "**A&R 2005 Plan**") and an Option Agreement ("Option Agreement"). The Options are governed by the terms of the A&R 2005 Plan and Option Agreement, unless specifically stated otherwise in this Letter Agreement.

Notwithstanding the vesting schedule set forth in the Option Agreement governing the Options, in the event that you are terminated by the Company other than for Cause (as defined below), death or disability, such termination occurs prior to a Change of Control (as defined below), you sign and do not revoke a standard release of claims in a form acceptable to the Company or its successor entity (a "**Release**"), and such Release becomes nonrevocable, effective and enforceable in accordance with its terms within 60 days following the effective date of termination (such date that the Release becomes nonrevocable, effective and enforceable is referred to as the "**Release Effective Date**"), then you shall receive the following:

1. Effective as of your termination date, additional monthly vesting of the unvested shares subject to the Options (if any) that would have vested pursuant to the vesting schedule set forth in the Option Agreement during the 6 months following your termination date if you had remained employed through such period; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

Notwithstanding the vesting schedule set forth in the Option Agreement governing the Options, in the event that, immediately prior to, or within 12 months following a Change of Control, your employment is terminated by the Company other than for Cause (as defined below), death or disability, or you resign your position with the Company for Good Reason (as defined below), you sign and do not revoke a Release, and such Release becomes nonrevocable,



effective and enforceable in accordance with its terms within 60 days following the effective date of termination, then you shall receive the following:

1. Effective as of your termination date, 100% of the unvested shares subject to the Options (if any) will immediately vest and become exercisable; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

You should be aware that your employment with the Company constitutes "**at-will**" employment. This means that your employment relationship with the Company may be terminated at any time with or without notice, with or without good cause or for any or no cause, at either party's option. You understand and agree that neither your job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company.

You will be entitled to paid vacation in accordance with the Company's vacation policy as applicable to the Company's executive officers, with the timing and duration of specific vacations mutually and reasonably agreed to by you and the Company.

For these purposes, "**Cause**" means: (1) your failure to perform the duties of your position (as they may exist from time to time) to the reasonable satisfaction of the Board where such failure causes or is reasonably likely to cause a material adverse consequence on the business, properties, assets, results of operations, or condition (financial or otherwise) of the Company, after receipt of a written warning and your continued failure to cure such default to the reasonable satisfaction of the Board within 10 days following receipt of such written warning; (2) any act of dishonesty, fraud or misrepresentation taken by you in connection with your responsibilities as an employee that is intended to result in your personal enrichment; (3) your conviction or plea of no contest to felony or a crime involving moral turpitude; (4) willful misconduct by you that is injurious to the Company's reputation or business; or (5) your material breach of any covenant or condition of this Letter Agreement, the NDA Agreement (as defined below) or any other agreement between you and the Company. For purposes of this definition, an act or failure to act will be deemed "willful" if undertaken not in good faith or without reasonable belief that such action or failure to act was in the best interests of the Company.

For these purposes, "**Good Reason**" means your voluntary resignation of your employment following any one or more of the following events that occur without your consent: (1) a material reduction of your duties, position or responsibilities, or your removal from such position and responsibilities, unless you are provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority, compensation and status); provided, however, that a reduction in duties, position or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Executive Officer of the Company remains as such following a Change of Control but is not made the Chief Executive Officer of the acquiring corporation) shall not constitute "**Good Reason;**" (2)



your principal work location is moved more than 50 miles from its current location; (3) the Company or its successor materially reduces your aggregate base salary (other than a similar reduction applicable to executives generally); or (4) the Company's material breach of any covenant of this Letter Agreement; provided, however, that, any such resignation by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to terminate for Good Reason within 30 days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within 30 days following receipt of the written notice (the "**Cure Period**"); and (3) you voluntarily terminate your employment within 30 days following the end of the Cure Period.

(i) For these purposes, "**Change of Control**" means a "Change in Control" as defined in the A&R 2005 Plan.

The Company will be entitled to withhold from any payment due to you hereunder any amounts required to be withheld by applicable tax laws or regulations.

As a condition of your continued employment, you are also required to sign and continue to comply with the Company's standard form of employee nondisclosure and assignment agreement ("**NDA Agreement**"), which is hereby incorporated by reference. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (1) any and all disputes between you and the Company will be fully and finally resolved by binding arbitration, (2) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (3) all disputes will be resolved by a neutral arbitrator who will issue a written opinion, (4) the arbitration will provide for adequate discovery, and (5) the Company will pay all but the first $125 of the arbitration fees (not including legal expenses).

It is intended that all of the cash severance payments payable under this Letter Agreement upon termination of your employment ("**Severance Benefits**") satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations and other guidance thereunder and any state law of similar effect (collectively, "**Section 409A**") provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9), and this Letter Agreement will be construed in a manner that complies with such exemptions. If not so exempt, this Letter Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and incorporates by reference all required definitions and payment terms. No severance payments will be made under this Letter Agreement unless your termination of employment constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h) without regard to any alternative definition) (a "**Separation from Service**"). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulations Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this Letter Agreement (whether severance payments or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. If the Company determines that the severance payments provided under this Letter Agreement constitute "deferred compensation" under Section 409A and if you are a "specified employee" of the Company, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, at the time of your Separation from Service, then, solely to



the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefits will be delayed as follows: on the earlier to occur of (a) the date that is six months and one day after your Separation from Service, and (b) the date of your death (such earlier date, the "**Delayed Initial Payment Date**"), the Company will (i) pay to you a lump sum amount equal to the sum of the Severance Benefits that you would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the Severance Benefits had not been delayed pursuant to this paragraph, and (ii) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedule set forth in this Letter Agreement. No interest shall be due on any amounts deferred pursuant to this paragraph. To the extent that any Severance Benefits are deferred compensation under Section 409A, and are not otherwise exempt from the application of Section 409A, then, if the period during which you may consider and sign the Release spans two calendar years, the payment of any such Severance Benefit will not be made or begin until the later calendar year.

If any payment or benefit you will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment pursuant to this Letter Agreement or otherwise (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "**Pro Rata Reduction Method**"). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Unless you and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change of control transaction triggering the Payment shall perform the



foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within 15 calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the paragraph above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you shall promptly return to the Company a sufficient amount of the Payment so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the paragraph above, you shall have no obligation to

return any portion of the Payment pursuant to the preceding sentence.

This Letter Agreement, together with the 2005 Plan, A&R 2005 Plan, Option Agreements and the NDA Agreement, represents the entire agreement and understanding between you and the Company concerning your employment relationship with the Company, and supersedes in its entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral, including but not limited to the Prior Letter Agreement.

The terms of this Letter Agreement may only be amended, canceled or discharged in writing signed by you and the Company. This Letter Agreement will be governed by the internal substantive laws, but not the choice of law rules, of the State of California.

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

You acknowledge that you have had the opportunity to discuss this matter with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Letter Agreement, and are knowingly and voluntarily entering into this Letter Agreement.

Sincerely,

/s/ Ralph Clark

Ralph Clark
*President & CEO*



I agree to and accept employment with ShotSpotter, Inc. on the terms and conditions set forth in this agreement.

Date: 3/15/17

/s/ Paul Ames
Paul Ames

**Exhibit 10.12**

March 13, 2017

Gary Bunyard

Dear Gary:

Since January 2, 2017, you have been employed by ShotSpotter, Inc. (the "**Company**") as its Senior Vice President of Public Safety Solutions pursuant to a letter agreement with the Company dated November 4, 2016 (the "**Prior Letter Agreement**"). The Company desires to continue your employment as its Senior Vice President of Public Safety Solutions and provide you with certain compensation and benefits in return for your services, and you agree to be retained by the Company in such capacity and to receive the compensation and benefits on the terms and conditions set forth in this letter agreement (the "**Letter Agreement**"). The Company and you desire to enter into this Letter Agreement to become effective and replace and supersede the Prior Letter Agreement, subject to your signature below, effective as of the date of this Letter Agreement (the "**Effective Date**") in order to memorialize the terms and conditions of your employment by the Company upon and following the Effective Date.

As the Senior Vice President of Public Safety Solutions of the Company, you will report to the Company's President and Chief Executive Officer and have the duties and responsibilities customarily associated with such position, including, but not limited to, those duties and responsibilities that the Board may determine from time to time. You will devote your full business efforts and time to the Company. Further, you agree not to actively engage in any other employment, occupation, or consulting activity related to the business of the Company for any direct or indirect remuneration during your employment with the Company without the prior written approval of the Board. Your principal place of business for the performance of your duties and responsibilities will be the Company's corporate headquarters in Newark, California, provided, however, that the Company may from time to time require you to travel temporarily to other locations (domestic and international) in connection with the Company's business.

You will receive an annual salary of $175,000.00 which will be paid periodically in accordance with the Company's normal payroll practices and will be subject to the usual, required withholding. Your base salary will be subject to annual review by the Board or its Compensation Committee, and adjustments will be made based upon the Company's normal performance review practices.

You will be eligible to earn commissions under an annual incentive plan to be approved by the President and Chief Executive Officer.

You will be entitled to participate in all employee benefit plans and arrangements and fringe benefits and programs that may be provided to senior executives of the Company from time to time while you are employed by the Company, subject to plan terms and generally applicable Company policies. The Company may provide benefits, payroll, and other human resource management services through a professional employer organization, in which case such



professional employer organization will be considered your employer of record for these benefits and payroll purposes. (The term for this relationship is "co-employment.")

Subject to approval by the Board of Directors, the Company will grant you an option to purchase shares of the Company's common stock under the Company's Amended and Restated 2005 Stock Plan (the "**A&R 2005 Plan**") and an Option Agreement. The Options are governed by the terms of the respective 2005 Plan, A&R 2005 Plan and Option Agreements, unless specifically stated otherwise in this Letter Agreement.

Notwithstanding the vesting schedule set forth in the Option Agreements governing the Options, in the event that you are terminated by the Company other than for Cause (as defined below), death or disability, such termination occurs prior to a Change of Control (as defined below), you sign and do not revoke a standard release of claims in a form acceptable to the Company or its successor entity (a "**Release**"), and such Release becomes nonrevocable, effective and enforceable in accordance with its terms within 60 days following the effective date of termination (such date that the Release becomes nonrevocable, effective and enforceable is referred to as the "**Release Effective Date**"), then you shall receive the following:

1. Effective as of your termination date, additional monthly vesting of the unvested shares subject to the Options (if any) that would have vested pursuant to the vesting schedule set forth in the Option Agreements during the 6 months following your termination date if you had remained employed through such period; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

Notwithstanding the vesting schedule set forth in the Option Agreements governing the Options, in the event that, immediately prior to, or within 12 months following a Change of Control, your employment is terminated by the Company other than for Cause (as defined below), death or disability, or you resign your position with the Company for Good Reason (as defined below), you sign and do not revoke a Release, and such Release becomes nonrevocable, effective and enforceable in accordance with its terms within 60 days following the effective date of termination, then you shall receive the following:

1. Effective as of your termination date, 100% of the unvested shares subject to the Options (if any) will immediately vest and become exercisable; and

2. Payment to you of your monthly base salary for a period of 6 months following your termination date, to be paid periodically in accordance with the Company's normal payroll policies, commencing on the Company's first regularly scheduled payroll date occurring after the Release Effective Date.

You should be aware that your employment with the Company constitutes "**at-will**" employment. This means that your employment relationship with the Company may be



terminated at any time with or without notice, with or without good cause or for any or no cause, at either party's option. You understand and agree that neither your job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company.

You will be entitled to paid vacation in accordance with the Company's vacation policy as applicable to the Company's executive officers, with the timing and duration of specific vacations mutually and reasonably agreed to by you and the Company.

For these purposes, "**Cause**" means: (1) your failure to perform the duties of your position (as they may exist from time to time) to the reasonable satisfaction of the Board where such failure causes or is reasonably likely to cause a material adverse consequence on the business, properties, assets, results of operations, or condition (financial or otherwise) of the Company, after receipt of a written warning and your continued failure to cure such default to the reasonable satisfaction of the Board within 10 days following receipt of such written warning; (2) any act of dishonesty, fraud or misrepresentation taken by you in connection with your responsibilities as an employee that is intended to result in your personal enrichment; (3) your conviction or plea of no contest to felony or a crime involving moral turpitude; (4) willful misconduct by you that is injurious to the Company's reputation or business; or (5) your material breach of any covenant or condition of this Letter Agreement, the NDA Agreement (as defined below) or any other agreement between you and the Company. For purposes of this definition, an act or failure to act will be deemed "willful" if undertaken not in good faith or without reasonable belief that such action or failure to act was in the best interests of the Company.

For these purposes, "**Good Reason**" means your voluntary resignation of your employment following any one or more of the following events that occur without your consent: (1) a material reduction of your duties, position or responsibilities, or your removal from such position and responsibilities, unless you are provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority, compensation and status); provided, however, that a reduction in duties, position or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Executive Officer of the Company remains as such following a Change of Control but is not made the Chief Executive Officer of the acquiring corporation) shall not constitute "**Good Reason;**" (2) your principal work location is moved more than 50 miles from its current location; (3) the Company or its successor materially reduces your aggregate base salary (other than a similar reduction applicable to executives generally); or (4) the Company's material breach of any covenant of this Letter Agreement; provided, however, that, any such resignation by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to terminate for Good Reason within 30 days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within 30 days following receipt of the written notice (the "**Cure Period**"); and (3) you voluntarily terminate your employment within 30 days following the end of the Cure Period.

(i) For these purposes, "**Change of Control**" means a "Change in Control" as defined in the A&R 2005 Plan.



The Company will be entitled to withhold from any payment due to you hereunder any amounts required to be withheld by applicable tax laws or regulations.

As a condition of your continued employment, you are also required to sign and continue to comply with the Company's standard form of employee nondisclosure and assignment agreement ("**NDA Agreement**"), which is hereby incorporated by reference. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (1) any and all disputes between you and the Company will be fully and finally resolved by binding arbitration, (2) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (3) all disputes will be resolved by a neutral arbitrator who will issue a written opinion, (4) the arbitration will provide for adequate discovery, and (5) the Company will pay all but the first $125 of the arbitration fees (not including legal expenses).

It is intended that all of the cash severance payments payable under this Letter Agreement upon termination of your employment ("**Severance Benefits**") satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations and other guidance thereunder and any state law of similar effect (collectively, "**Section 409A**") provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9), and this Letter Agreement will be construed in a manner that complies with such exemptions. If not so exempt, this Letter Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and incorporates by reference all required definitions and payment terms. No severance payments will be made under this Letter Agreement unless your termination of employment constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h) without regard to any alternative definition) (a "**Separation from Service**"). For purposes of Section 409A (including, without limitation, for purposes of Treasury

Regulations Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this Letter Agreement (whether severance payments or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. If the Company determines that the severance payments provided under this Letter Agreement constitute "deferred compensation" under Section 409A and if you are a "specified employee" of the Company, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, at the time of your Separation from Service, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefits will be delayed as follows: on the earlier to occur of (a) the date that is six months and one day after your Separation from Service, and (b) the date of your death (such earlier date, the "**Delayed Initial Payment Date**"), the Company will (i) pay to you a lump sum amount equal to the sum of the Severance Benefits that you would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the Severance Benefits had not been delayed pursuant to this paragraph, and (ii) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedule set forth in this Letter Agreement. No interest shall be due on any amounts deferred pursuant to this paragraph. To the extent that any Severance Benefits are deferred compensation under Section 409A, and are not otherwise exempt from the application of Section 409A, then, if the period during which you may consider and sign the Release spans two calendar years, the payment of any such Severance Benefit will not be made or begin until the later calendar year.



If any payment or benefit you will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment pursuant to this Letter Agreement or otherwise (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "**Pro Rata Reduction Method**"). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Unless you and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change of control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within 15 calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the paragraph above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you shall promptly return to the Company a sufficient amount of the Payment so that no portion of the remaining Payment is



subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the paragraph above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

This Letter Agreement, together with the 2005 Plan, A&R 2005 Plan, Option Agreements and the NDA Agreement, represents the entire agreement and understanding between you and the Company concerning your employment relationship with the Company, and supersedes in its entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral, including but not limited to the Prior Letter Agreement.

The terms of this Letter Agreement may only be amended, canceled or discharged in writing signed by you and the Company. This Letter Agreement will be governed by the internal substantive laws, but not the choice of law rules, of the State of California.

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

You acknowledge that you have had the opportunity to discuss this matter with and obtain advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Letter Agreement, and are knowingly and voluntarily entering into this Letter Agreement.

Sincerely,

/s/ Ralph Clark

Ralph Clark
*President & CEO*

I agree to and accept employment with ShotSpotter, Inc. on the terms and conditions set forth in this agreement.

Date: 3/23/17

/s/ Gary Bunyard
Gary Bunyard

**Exhibit 10.13**

**INDEPENDENT CONTRACTOR SERVICES AGREEMENT**

This Agreement is made and entered into, as of September 16, 2015 ("Effective Date"), by and between ShotSpotter, Inc. ("Company"), a Delaware corporation having a principal address at 7979 Gateway Blvd., #210, Newark, California 94560 and Marc Morial, a(n) individual ("Contractor") with a principal address at

**1. Engagement of Services.**

Company may issue Project Assignments to Contractor in substantially the form attached to this Agreement as Exhibit A (Project Assignment). A Project Assignment will become binding when both parties have signed it and once signed, Contractor will be obligated to provide the services as specified in such Project Assignment. The terms of this Agreement will govern all Project Assignments and services undertaken by Contractor for Company.

**2. Performance of Services.**

Contractor will perform the services in accordance with the terms of this Agreement and the applicable Project Assignment. Except as otherwise provided in the applicable Project Assignment, Contractor will have exclusive control over the manner and means of performing the services, including the choice of place and time, and will use Contractor's expertise and creative talents in performing the services. Contractor will provide, at Contractor's own expense, a place of work and all equipment, tools, and other materials necessary to complete the Project Assignment; however, to the extent necessary to facilitate performance of the services and for no other purpose, Company may, in its discretion, make its equipment or facilities available to Contractor at Contractor's request.

**3. Compensation; Timing.**

Company will pay Contractor the fee set forth in each Project Assignment for the services provided as specified in such Project Assignment. If provided for in the Project Assignment, Company will reimburse Contractor's expenses no later than thirty (30) days after Company's receipt of Contractor's invoice, provided that reimbursement for expenses may be delayed until such time as Contractor has furnished reasonable documentation for authorized expenses as Company may reasonably request. Upon termination of this Agreement for any reason, Contractor will be (a) paid fees on the basis stated in the Project Assignment(s) and (b) reimbursed only for expenses that are incurred prior to termination of this Agreement and which are either expressly identified in a Project Assignment or approved in advance in writing by an authorized Company manager. In the event Contractor terminates this Agreement or resigns from the Company's board of directors, Contractor may assign his right to receive any of the compensation that Contractor may be eligible to receive hereunder following such termination to a blind trust to be designated by Contractor.

**4. Independent Contractor Relationship.**

Contractor's relationship with Company is that of an independent contractor, and nothing in this Agreement is intended to, or shall be construed to, create a partnership, agency, joint venture, employment or similar relationship. Contractor will take no position with respect to or on any tax return or application for benefits, or in any proceeding directly or indirectly involving Company, that is inconsistent with Contractor being an independent contractor (and not an employee) of Company. Contractor will not be entitled to any of the benefits that Company may make available



to its employees, including, but not limited to, group health or life insurance, profit-sharing or retirement benefits. Contractor is not authorized to make any representation, contract or commitment on behalf of Company unless specifically requested or authorized in writing to do so by a Company manager. Contractor is solely responsible for all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of services and receipt of fees under this Agreement. Contractor is solely responsible for, and must maintain adequate records of, expenses incurred in the course of performing services under this Agreement. No part of Contractor's compensation will be subject to withholding by Company for the payment of any social security, federal, state or any other employee payroll taxes. Company will regularly report amounts paid to Contractor by filing Form 1099-MISC with the Internal Revenue Service as required by law.

**5. Disclosure and Assignment of Work Resulting from Project Assignments.**

A. "Innovations" and "Company Innovations" Definitions.

"Innovations" means all discoveries, designs, developments, improvements, inventions (whether or not protectable under patent laws), works of authorship, information fixed in any tangible medium of expression (whether or not protectable under copyright laws), trade secrets, know-how, ideas (whether or not protectable under trade secret laws), mask works, trademarks, service marks, trade names and trade dress. "Company Innovations" means Innovations that Contractor, solely or jointly with others, conceives, develops or reduces to practice related to any Project Assignment.

B. Disclosure and Assignment of Company Innovations.

Contractor agrees to maintain adequate and current records of all Company Innovations, which records shall be and remain the property of Company. Contractor agrees to promptly disclose and describe to Company all Company Innovations. Contractor hereby does and will

assign to Company or Company's designee all of Contractor's right, title and interest in and to any and all Company Innovations and all associated records. To the extent any of the rights, title and interest in and to Company Innovations cannot be assigned by Contractor to Company, Contractor hereby grants to Company an exclusive, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to practice such non-assignable rights, title and interest. To the extent any of the rights, title and interest in and to the Company Innovations can neither be assigned nor licensed by Contractor to Company, Contractor hereby irrevocably waives and agrees never to assert such non-assignable and non-licensable rights, title and interest against Company or any of Company's successors in interest.

C. Assistance.

Contractor agrees to perform all acts that Company deems necessary or desirable to permit and assist Company, at its expense, in obtaining, perfecting and enforcing the full benefits, enjoyment, rights and title throughout the world in the Company Innovations as provided to Company under this Agreement. If Company is unable for any reason to secure Contractor's signature to any document required to file, prosecute, register or memorialize the assignment of any rights under any Company Innovations as provided under this Agreement, Contractor hereby irrevocably designates and appoints Company and Company's duly authorized officers and agents as



Contractor's agents and attorneys-in-fact to act for and on Contractor's behalf and instead of Contractor to take all lawfully permitted acts to further the filing, prosecution, registration, memorialization of assignment, issuance and enforcement of rights under such Company Innovations, all with the same legal force and effect as if executed by Contractor. The foregoing is deemed a power coupled with an interest and is irrevocable.

D. Out-of-Scope Innovations.

If Contractor incorporates or permits to be incorporated any Innovations relating in any way, at the time of conception, reduction to practice, creation, derivation, development or making of such Innovation, to Company's business or actual or demonstrably anticipated research or development but which were conceived, reduced to practice, created, derived, developed or made by Contractor (solely or jointly) either unrelated to Contractor's work for Company under this Agreement or prior to the Effective Date (collectively, the "Out-of-Scope Innovations") into any of the Company Innovations, then Contractor hereby grants to Company and Company's designees a non-exclusive, royalty-free, irrevocable, worldwide, fully paid-up license (with rights to sublicense through multiple tiers of sublicensees) to practice all patent, copyright, moral right, mask work, trade secret and other intellectual property rights relating to such Out-of-Scope Innovations. Notwithstanding the foregoing, Contractor agrees that Contractor will not incorporate, or permit to be incorporated, any Innovations conceived, reduced to practice, created, derived, developed or made by others or any Out-of-Scope Innovations into any Company Innovations without Company's prior written consent.

**6. Confidentiality.**

E. Definition of Confidential Information.

"Confidential Information" means (a) any technical and non-technical information related to the Company's business and current, future and proposed products and services of Company, including for example and without limitation, Company Innovations, Company Property (as defined in Section 7 ("Ownership and Return of Confidential Information and Company Property")), and Company's information concerning research, development, design details and specifications, financial information, procurement requirements, engineering and manufacturing information, customer lists, business forecasts, sales information and marketing plans and (b) any information that may be made known to Contractor and that Company has received from others that Company is obligated to treat as confidential or proprietary.

F. Nondisclosure and Nonuse Obligations.

Except as permitted in this Section, Contractor shall not use, disseminate or in any way disclose the Confidential Information both during and after the term of this Agreement. Contractor may use the Confidential Information solely to perform Project Assignment(s) for the benefit of Company. Contractor shall treat all Confidential Information with the same degree of care as Contractor accords to Contractor's own confidential information, but in no case shall Contractor use less than reasonable care. If Contractor is not an individual, Contractor shall disclose Confidential Information only to those of Contractor's employees who have a need to know such information. Contractor certifies that each such employee will have agreed, either as a condition of employment or in order to obtain the Confidential Information, to be bound by terms and conditions at least as protective as those terms and conditions applicable to Contractor under this Agreement. Contractor shall immediately give notice to Company of any unauthorized



use or disclosure of the Confidential Information. Contractor shall assist Company in remedying any such unauthorized use or disclosure of the Confidential Information. Contractor agrees not to communicate any information to Company in violation of the proprietary rights of any third party.

G. Exclusions from Nondisclosure and Nonuse Obligations.

Contractor's obligations under Section 5 F (Nondisclosure and Nonuse Obligations) shall not apply to any Confidential Information that Contractor can demonstrate (a) was in the public domain at or subsequent to the time such Confidential Information was communicated to

Contractor by Company through no fault of Contractor; (b) was rightfully in Contractor's possession free of any obligation of confidence at or subsequent to the time such Confidential Information was communicated to Contractor by Company; or (c) was developed by employees of Contractor independently of and without reference to any Confidential Information communicated to Contractor by Company. A disclosure of any Confidential Information by Contractor (a) in response to a valid order by a court or other governmental body or (b) as otherwise required by law shall not be considered to be a breach of this Agreement or a waiver of confidentiality for other purposes; provided, however, that Contractor shall provide prompt prior written notice thereof to Company to enable Company to seek a protective order or otherwise prevent such disclosure.

**7. Ownership and Return of Confidential Information and Company Property.**

All Confidential Information and any materials (including, without limitation, documents, drawings, papers, diskettes, tapes, models, apparatus, sketches, designs and lists) furnished to Contractor by Company, whether delivered to Contractor by Company or made by Contractor in the performance of services under this Agreement and whether or not they contain or disclose Confidential Information (collectively, the "Company Property"), are the sole and exclusive property of Company or Company's suppliers or customers. Contractor agrees to keep all Company Property at Contractor's premises unless otherwise permitted in writing by Company. Within five (5) days after the termination of this Agreement or after any request by Company, Contractor shall destroy or deliver to Company, at Company's option, (a) all Company Property and (b) all materials in Contractor's possession or control that contain or disclose any Confidential Information.

**8. Observance of Company Rules.**

At all times while on Company's premises, Contractor will observe Company's rules and regulations with respect to conduct, health, safety and protection of persons and property. Contractor's compliance with observance of Company rules while on Company's premises shall in no way affect his status as an independent contractor.

**9. No Conflict of Interest.**

During the term of this Agreement, Contractor will not accept work, enter into a contract or accept an obligation inconsistent or incompatible with Contractor's obligations, or the scope of services to be rendered for Company, under this Agreement. Contractor warrants that, to the best of Contractor's knowledge, there is no other existing contract or duty on Contractor's part that conflicts with or is inconsistent with this Agreement, Contractor's obligations under this Agreement, or Contractor's ability to perform services under this Agreement.



Contractor agrees that Contractor will not disclose to Company, will not bring into the Company's facilities, and will not induce Company to use any confidential or proprietary information of any third party. Contractor agrees to indemnify Company from any and all loss or liability incurred by reason of the alleged breach by Contractor of this Section 9 (No Conflict of Interest) in the performance of any services agreement with any third party. The Company acknowledges that Contractor may from time to time consult for or become an officer or director of other entities, and that as of the date of this Agreement, Contractor is a member of the board of directors of Motorola Solutions, Inc., an owner and manager of Bratton Group, LLC and Bratton Technologies, LLC, and a consultant to Kroll Inc.

**10. Term and Termination.**

H. Term.

This Agreement is effective as of the Effective Date set forth above and will continue indefinitely until terminated as set forth below. In the event that this Agreement is terminated by either Contractor or the Company, Contractor shall resign Contractor's position as a member of the Company's Board of Directors simultaneously.

I. Termination by Company.

Company may terminate this Agreement without cause at any time, with termination effective fifteen (15) days after Company's delivery to Contractor of written notice of termination. Company also may terminate this Agreement (a) immediately upon Contractor's breach of Section 5 (Disclosure and Assignment of Work Resulting from Project Assignments), 6 (Confidentiality) or 11 (Noninterference with Business) or (b) immediately for a material breach by Contractor if Contractor's material breach of any other provision under this Agreement or obligation under a Project Assignment is not cured within ten (10) business days after the date of Company's written notice of breach.

J. Termination by Contractor.

Contractor may terminate this Agreement without cause at any time, with termination effective fifteen (15) days after Contractor's delivery to Company of written notice of termination. Contractor also may terminate this Agreement immediately for a material breach by Company if Company's material breach of any provision of this Agreement is not cured within ten (10) days after the date of Contractor's written notice of breach.

K. Effect of Expiration or Termination.

Upon expiration or termination of this Agreement, Company shall pay Contractor for services performed under this Agreement as set forth in each then pending Project Assignment(s). The definitions contained in this Agreement and the rights and obligations contained in this

Section and Sections 5 (Disclosure and Assignment of Work Resulting from Project Assignments), 6 (Confidentiality), 7 (Ownership and Return of Confidential Information and Company Property), 11 (Noninterference with Business) and 12 (General Provisions) will survive any termination or expiration of this Agreement.

**11. Noninterference with Business.**

During this Agreement, and for a period of two (2) years immediately following the termination or expiration of this Agreement, Contractor agrees not to solicit or induce any employee or independent contractor to terminate or breach an employment, contractual or other relationship with Company.

**12. Indemnification.**

To the fullest extent permitted by law, Company shall indemnify, defend, and hold harmless Contractor from any and all claims, damages, losses, liabilities, and



If a court of law holds any provision of this Agreement to be illegal, invalid or unenforceable, (a) that provision shall be deemed amended to achieve an economic effect that is as near as possible to that provided by the original provision and (b) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

Q. Waiver; Modification.

If Company waives any term, provision or Contractor's breach of this Agreement, such waiver shall not be effective unless it is in writing and signed by Company. No waiver by a party of a breach of this Agreement shall constitute a waiver of any other or subsequent breach by Contractor. This Agreement may be modified only by mutual written agreement of authorized representatives of the parties.

R. Entire Agreement.

This Agreement constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous agreements concerning such subject matter, written or oral.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

| "Company" | "Contractor" |
|---|---|
| SHOTSPOTTER, INC. | MARC MORIAL |
| By: /s/ Sonya Strickler | /s/ Marc Morial |
| Name: Sonya Strickler | |
| Title: VP Finance & Controller | |



Exhibit A

PROJECT ASSIGNMENT #1

This Project Assignment #1 is incorporated into the Independent Contractor Services Agreement dated September 16, 2015 by and between ShotSpotter, Inc. and Marc Morial (for the purposes of this Project Assignment #1, the "**Agreement**") This Project Assignment #1 describes services and deliverables to be performed and provided by Contractor pursuant to the Agreement. If any item in this Project Assignment #1 is inconsistent with the Agreement, the terms of this Project Assignment #1 will control, but only with respect to the services to be performed under this Project Assignment #1.

Services and Fees

Company shall pay $10,000 per calendar quarter to Contractor for his services as a member of the Board, and Company shall pay the reimbursement of Contractors reasonable travel expenses incurred in order to attend Board meetings in person. The Company shall also grant, subject to approval by its Board of Directors, options to purchase 200,000 shares of the Company's Common Stock pursuant to the Company's Amended and Restated 2005 Stock Plan and that the options will vest in 48 equal monthly increments measured from the date of Contractor's appointment to the Board, subject to Contractor's continued service as an independent contractor and/or member of Board.

Expenses. Company will reimburse Contractor for reasonable out-of-pocket expenses for travel incurred in connection with this Project Assignment upon receipt of proper documentation of those expenses from Contractor within thirty (30) days.

IN WITNESS WHEREOF, the parties have executed this Project Assignment as of the later date below.

| "Company" | "Contractor" |
| --- | --- |
| SHOTSPOTTER, INC. | |
| By: /s/ Sonya Strickler | /s/ Marc Morial |
| | MARC MORIAL |
| Name: Sonya Strickler | |
| | Date: 9/1/15 |
| Title: VP Finance & Controller | |
| Date: 9/30/2015 | |

**Exhibit 10.14**

LEASE

by and between

BMR-PACIFIC RESEARCH CENTER LP,
a Delaware limited partnership

and

SHOTSPOTTER, INC.,
a Delaware corporation,
d/b/a SST, INC.

BioMed Realty form dated 7/18/12

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**LEASE**

THIS LEASE (this "Lease") is entered into as of this 14th day of August, 2012 (the "Execution Date"), by and between BMR-PACIFIC RESEARCH CENTER LP, a Delaware limited partnership ("Landlord"), and SHOTSPOTTER, INC., a Delaware corporation, d/b/a SST, INC. ("Tenant").

**RECITALS**

A. WHEREAS, Landlord owns certain real property (the "Property") and the improvements on the Property located at 7979 Gateway Boulevard in Newark, California, including the building known as Building No. 6 located thereon (the "Building"); and

B. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, certain premises located in the Building, pursuant to the terms and conditions of this Lease, as detailed below.

**AGREEMENT**

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Lease of Premises.

1.1. Effective on the Term Commencement Date (as defined below), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, that certain portion of the second (2nd) floor of the Building, known as Suite 210, as shown on Exhibit A attached hereto (the "Premises"), for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses. The Property and all landscaping, parking facilities, private drives and other improvements and appurtenances related thereto, including the Building, the Amenities Building (as defined below), the nine (9) other buildings currently located on the Property and each additional building that is constructed on the Property (following substantial completion of such building), are hereinafter collectively referred to as the "Project." All portions of the Building that are for the non-exclusive use of the tenants of the Building only, and not the tenants of the Project generally, such as service corridors, stairways, elevators, public restrooms and public lobbies (all to the extent located in the Building), are hereinafter referred to as "Building Common Area." All portions of the Project that are for the non-exclusive use of tenants of the Project generally, including driveways, sidewalks, parking areas, landscaped areas, and the amenities building ("Amenities Building") in which Landlord currently provides certain amenities, including food services, a fitness center and a conference center ("Amenities Building Services"), but excluding the Building Common Area, are hereinafter referred to as "Project Common Area." The Building Common Area and the Project Common Area are collectively hereinafter referred to as the "Common Areas." The Building is located on a portion of the Project commonly referred to as the "North Campus," which is that part of the Project to the north of Gateway Boulevard and comprised of the Building and six (6) other buildings commonly referred to as Buildings 1, 2, 3, 4, 5 and 7, together with all appurtenances thereto (collectively, the "North Campus").

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2. Basic Lease Provisions. For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. This Lease shall take effect upon the Execution Date and, except as specifically otherwise provided within this Lease, each of the provisions hereof shall be binding upon and inure to the benefit of Landlord and Tenant from the date of execution and delivery hereof by all parties hereto.

2.2. In the definitions below, each current Rentable Area (as defined below) is expressed in square feet. Rentable Area and "Tenant's Pro Rata Shares" are all subject to adjustment as provided in this Lease.

| Definition or Provision | Means the Following (As of the Term Commencement Date) |
|---|---|
| Approximate Rentable Area of Premises | 12,020 square feet |
| Approximate Rentable Area of Building | 92,324 square feet |
| Approximate Rentable Area of North Campus | 966,271 square feet |
| Approximate Rentable Area of Project | 1,389,517 square feet |
| Tenant's Pro Rata Share of Building | 13.02% |
| Tenant's Pro Rata Share of North Campus | 1.24% |
| Tenant's Pro Rata Share of Project | 0.87% |

2.3. Initial monthly and annual installments of Base Rent for the Premises ("Base Rent") as of the Term Commencement Date:

| Dates | Square Feet of Rentable Area | Base Rent per Square Foot of Rentable Area | Monthly Base Rent | Annual Base Rent |
|---|---|---|---|---|
| 9/15/12 – 10/31/12 | 12,020 | $ 0.00 monthly | $ 0.00 | N/A |
| 11/1/12 – 9/14/13 | 12,020 | $ 1.35 monthly | $ 16,227.00 | $ 194,724.00 |
| 9/15/13 – 9/14/14 | 12,020 | $ 1.45 monthly | $ 17,429.00 | $ 209,148.00 |



| | | | | |
|---|---|---|---|---|
| 9/15/14 – 9/14/15 | 12,020 | $ 1.55 monthly | $ 18,631.00 | $ 223,572.00 |
| 9/15/15 – 10/31/15 | 12,020 | $ 1.65 monthly | $ 19,833.00 | $ 237,996.00 |

2.4. Term Commencement Date: September 15, 2012

2.5. Term Expiration Date: October 31, 2015

2.6. Security Deposit: $19,833

2.7. Permitted Use: Office use in conformity with all federal, state, municipal and local laws, codes, ordinances, rules and regulations of Governmental Authorities (as defined below), committees, associations, or other regulatory committees, agencies or governing bodies having jurisdiction over the Premises, the Building, the Property, the Project, Landlord or Tenant, including both statutory and common law and hazardous waste rules and regulations ("Applicable Laws")

2.8. Address for Rent Payment:
BMR-Pacific Research Center LP
P.O. Box 511231
Los Angeles, California 90051-2997

2.9. Address for Notices to Landlord:
BMR-Pacific Research Center LP
17190 Bernardo Center Drive
San Diego, California 92128
Attn: Vice President, Real Estate Counsel

2.10. Address for Notices to Tenant:

Prior to September 20, 2012:
SST, Inc.
1060 Terra Bella Avenue
Mountain View, California 94043
Attn: Sonya Strickler

After September 20, 2012:
SST, Inc.
7979 Gateway Boulevard, Suite 210
Newark, California, 94560
Attn: Sonya Strickler

2.11 Address for Invoices to Tenant:

Prior to September 20, 2012:
SST, Inc.
1060 Terra Bella Avenue
Mountain View, California 94043
Attn: Sonya Strickler

After September 20, 2012:
SST, Inc.

7979 Gateway Boulevard, Suite 210
Newark, California 94560
Attn: Accounting

2.11. The following Exhibits are attached hereto and incorporated herein by reference:

| | |
|---|---|
| Exhibit A | Premises |
| Exhibit B | [Intentionally omitted] |
| Exhibit C | Acknowledgement of Term Commencement Date and Term Expiration Date |
| Exhibit D | [Intentionally omitted] |
| Exhibit E | Form of Letter of Credit |
| Exhibit F | Rules and Regulations |
| Exhibit G | [Intentionally omitted] |
| Exhibit H | Tenant's Personal Property |
| Exhibit I | Form of Estoppel Certificate |

3. Term. The actual term of this Lease (as the same may be earlier terminated in accordance with this Lease, the "Term") shall commence on the Term Commencement Date and end on the Term Expiration Date, subject to earlier termination of this Lease as provided herein. TENANT HEREBY WAIVES THE REQUIREMENTS OF SECTION 1933 OF THE CALIFORNIA CIVIL CODE, AS THE SAME MAY BE AMENDED FROM TIME TO TIME.

4. Possession and Commencement Date.

4.1. Landlord shall use commercially reasonable efforts to tender possession of the Premises to Tenant on the Term Commencement Date. Notwithstanding anything in this Lease to the contrary, Landlord's obligation to timely deliver possession of the Premises to Tenant shall be subject to extension on a day-for-day basis as a result of Force Majeure (as defined below). If possession is delayed by action of Tenant, then the Term Commencement Date shall be the date that the Term Commencement Date would have occurred but for such delay, and the first (1st) six (6) weeks of the Term shall be free of any obligation to pay Base Rent, as reflected in Section 2.3. Tenant shall execute and deliver to Landlord written acknowledgment of the actual Term Commencement Date and the Term Expiration Date within ten (10) days after Tenant takes occupancy of the Premises, in the form attached as Exhibit C hereto. Failure to execute and deliver such acknowledgment, however, shall not affect the Term Commencement Date or Landlord's or Tenant's liability hereunder. Failure by Tenant to obtain validation by any governmental licensing of the Premises required for the Permitted Use by Tenant shall not serve to extend the Term Commencement Date.

4.2. In the event that Landlord permits (in Landlord's reasonable discretion) Tenant to enter upon the Premises prior to the Term Commencement Date for the purpose of the placement of equipment and personal property, Tenant shall furnish to Landlord evidence satisfactory to Landlord that insurance coverages required of Tenant under the provisions of Article 23 are in effect, and such entry shall be subject to all the terms and conditions of this Lease other than the payment of Base Rent or Tenant's Share of Operating Expenses (as defined below).



5. Condition of Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises, the Building or the Project, or with respect to the suitability of the Premises, the Building or the Project for the conduct of Tenant's business. Tenant acknowledges that (a) it is fully familiar with the condition of the Premises and agrees to take the same in its condition "as is" as of the Term Commencement Date and (b) Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's occupancy or to pay for or construct any improvements to the Premises. Tenant's taking of possession of the Premises shall, except as otherwise agreed to in writing by Landlord and Tenant, conclusively establish that the Premises, the Building and the Project were at such time in good, sanitary and satisfactory condition and repair.

6. Rentable Area.

6.1. The term "Rentable Area" shall reflect such areas as reasonably calculated by Landlord's architect, as the same may be reasonably adjusted from time to time by Landlord in consultation with Landlord's architect to reflect changes to the Premises, the Building or the Project, as applicable; provided that Base Rent shall not be increased or decreased as a result of any such adjustments.

6.2. The Rentable Area of the Building is generally determined by making separate calculations of Rentable Area applicable to each floor within the Building and totaling the Rentable Area of all floors within the Building. The Rentable Area of a floor is computed by measuring to the outside finished surface of the permanent outer Building walls. The full area calculated as previously set forth is included as Rentable Area, without deduction for columns and projections or vertical penetrations, including stairs, elevator shafts, flues, pipe shafts, vertical ducts and the like, as well as such items' enclosing walls.

6.3. The term "Rentable Area," when applied to the Premises, is that area equal to the usable area of the Premises, plus an equitable allocation of Rentable Area within the Building that is not then utilized or expected to be utilized as usable area, including that portion of the Building devoted to corridors, equipment rooms, restrooms, elevator lobby, atrium and mailroom.

6.4. The Rentable Area of the Project is the total Rentable Area of all buildings within the Project.

6.5. Review of allocations of Rentable Areas as between tenants of the Building and the Project shall be made as frequently as Landlord deems appropriate, including in order to facilitate an equitable apportionment of Operating Expenses (as defined below). If such review is by a licensed architect and allocations are certified by such licensed architect as being correct, then Tenant shall be bound by such certifications.

7. Rent.

7.1. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the Term Commencement Date, the sums set forth in Section 2.3. Base Rent shall be paid in equal monthly installments as set forth in Section 2.3, each in advance on the first day of each and every calendar month during the Term.



7.2. In addition to Base Rent, Tenant shall pay to Landlord as additional rent ("Additional Rent") at times hereinafter specified in this Lease (a) Tenant's Share (as defined below) of Operating Expenses (as defined below), (b) the Property Management Fee (as defined below) and (c) any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after notice and the lapse of any applicable cure periods.

7.3. Base Rent and Additional Rent shall together be denominated "Rent." Rent shall be paid to Landlord, without abatement, deduction or offset, in lawful money of the United States of America at the office of Landlord as set forth in Section 2.8 or to such other person or at such other place as Landlord may from time designate in writing. In the event Base Rent, Tenant's Pro Rata Share of Operating Expenses, or the Property Management Fee becomes payable or the Term commences or ends on a day other than the first day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of a thirty (30) day month and shall be paid at the then-current rate for such fractional month.

7.4. Tenant's obligation to pay Rent shall not be discharged or otherwise affected by (a) any Applicable Laws now or hereafter applicable to the Premises, (b) any other restriction on Tenant's use, (c) except as expressly provided herein, any casualty or taking, (d) any failure by Landlord to perform any covenant contained herein or (e) any other occurrence; and Tenant waives all rights now or hereafter existing to terminate or cancel this Lease or quit or surrender the Premises or any part thereof, or to assert any defense in the nature of constructive eviction to any action seeking to recover rent.

8. [Intentionally omitted]

9. Operating Expenses.

9.1. As used herein, the term "Operating Expenses" shall include:

(a) Government impositions, including property tax costs consisting of real and personal property taxes and assessments (including amounts due under any improvement bond upon the Building or the Project (including the parcel or parcels of real property upon which the Building, the other buildings in the Project and areas serving the Building and the Project are located)) or assessments in lieu thereof imposed by any federal, state, regional, local or municipal governmental authority, agency or subdivision (each, a "Governmental Authority"); taxes on or measured by gross rentals received from the rental of space in the Project; taxes based on the square footage of the Premises, the Building or the Project, as well as any parking charges, utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or resulting from Applicable Laws or interpretations thereof, promulgated by any Governmental Authority in connection with the use or occupancy of the Project or the parking facilities serving the Project; taxes on this transaction or any document to which Tenant is a party creating or transferring an interest in the Premises; any fee for a business license to operate an office building; and any expenses, including the reasonable cost of attorneys or experts, reasonably incurred by Landlord in seeking reduction by the taxing authority of the applicable taxes, less tax refunds obtained as a



result of an application for review thereof. Operating Expenses shall not include any net income, franchise, capital stock, estate or inheritance taxes, or taxes that are the personal obligation of Tenant or of another tenant of the Project; and

(b) All other costs of any kind paid or incurred by Landlord in connection with the operation or maintenance of the Building and the Project (including the Amenities Building, which shall include (i) Project office rent at fair market rental for a commercially reasonable amount of space for Project management personnel located in the Amenities Building, to the extent an office used for Project operations is maintained at the Project, plus customary expenses for such office, and (ii) fair market rent for the portion of the Amenities Building used in providing services in the Amenities Building), including costs of repairs and replacements to improvements within the Project as appropriate to maintain the Project as required hereunder, including costs of funding such reasonable reserves as Landlord, consistent with good business practice, may establish to provide for future repairs and replacements; costs of utilities furnished to the Common Areas; sewer fees; cable television; trash collection; cleaning, including windows (including those of the Amenities Building); heating; ventilation; air-conditioning; maintenance of landscaping and grounds; maintenance of drives and parking areas; maintenance of the roof (including that of the Amenities Building); security services and devices; building supplies; maintenance or replacement of equipment utilized for operation and maintenance of the Project; license, permit and inspection fees; sales,

use and excise taxes on goods and services purchased by Landlord in connection with the operation, maintenance or repair of the Building or Project systems and equipment; telephone, postage, stationery supplies and other expenses incurred in connection with the operation, maintenance or repair of the Project; accounting, legal and other professional fees and expenses incurred in connection with the Project; costs of furniture, draperies, carpeting, landscaping, snow removal and other customary and ordinary items of personal property provided by Landlord for use in Common Areas or in the Project office; capital expenditures incurred (i) in replacing obsolete equipment, (ii) for the primary purpose of reducing Operating Expenses or (iii) required by any Governmental Authority to comply with changes in Applicable Laws that take effect after the Execution Date or to ensure continued compliance with Applicable Laws in effect as of the Execution Date, in each case amortized over the useful life thereof, as reasonably determined by Landlord, in accordance with generally accepted accounting principles, but in no event longer than seven (7) years; costs of complying with Applicable Laws (except to the extent such costs are incurred to remedy non-compliance as of the Execution Date with Applicable Laws); costs to keep the Project in compliance with, or fees otherwise required under, any CC&Rs (as defined below); insurance premiums, including premiums for commercial general liability, property casualty, earthquake, terrorism and environmental coverages; portions of insured losses paid by Landlord as part of the deductible portion of a loss pursuant to the terms of insurance policies; service contracts; costs of services of independent contractors retained to do work of a nature referenced above; and costs of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with the day-to-day operation and maintenance of the Project, its equipment, the adjacent walks, landscaped areas, drives and parking areas, including janitors, floor waxers, window washers, watchmen, gardeners, sweepers, plow trucks and handymen.

(c) Notwithstanding the foregoing, Operating Expenses shall not include any leasing commissions; expenses that relate to preparation of rental space for a tenant; expenses of



initial development and construction of buildings or Common Areas, including grading, paving, landscaping and decorating (as distinguished from maintenance, repair and replacement of the foregoing); legal expenses relating to other tenants; costs to repair, maintain or replace structural components of the Building or Project (provided that such costs resulting from a casualty shall be handled in accordance with Article 24); costs of repairs to the extent reimbursed by payment of insurance proceeds received by Landlord; interest upon loans to Landlord or secured by a mortgage or deed of trust covering the Project or a portion thereof (provided that interest upon a government assessment or improvement bond payable in installments shall constitute an Operating Expense under Subsection 9.1(a)); salaries of executive officers of Landlord; depreciation claimed by Landlord for tax purposes (provided that this exclusion of depreciation is not intended to delete from Operating Expenses actual costs of repairs and replacements and reasonable reserves in regard thereto that are provided for in Subsection 9.1(b)); taxes that are excluded from Operating Expenses by the last sentence of Subsection 9.1(a); the cost of any service sold to any tenant (including Tenant) or other occupant for which Landlord is entitled to be reimbursed as an additional charge or rent over and above the basic rent, escalations and operating expenses payable under the lease with that tenant; expenses in connection with services or other benefits of a type that are not provided to Tenant but that are provided to another tenant or occupant of the Project; overhead profit increments paid to Landlord's subsidiaries or affiliates for management or other services on or to the Building; costs of services, supplies or other materials provided by affiliates of Landlord to the extent that the cost of the services, supplies or materials materially exceeds the cost that would have been paid had the services, supplies or materials been provided by unaffiliated parties on a competitive basis; advertising and promotional expenditures; costs of repairs and other work occasioned by fire, windstorm or other casualty to the extent insured against or required to be insured against by Landlord pursuant to this Lease; costs, fines or penalties incurred due to Landlord's violation of any Applicable Laws or Landlord's gross negligence or willful misconduct; costs of correcting any building code or other violations, which violations exist prior to the Term Commencement Date; costs for sculptures, paintings or other objects of art (and insurance thereon or extraordinary security in connection therewith); wages, salaries or other compensation paid to any executive employees of Landlord above the grade of property manager; or costs of remediation associated with or disposing of Hazardous Materials (as defined below) unless Landlord has not taken commercially reasonable efforts (short of litigation) to identify and recover costs from the party(ies) responsible for the placement of such Hazardous Materials. Tenant or its employees, agents, contractors or invitees (each, a "Tenant Party"). To the extent that Tenant uses more than Tenant's Pro Rata Share of any item of Operating Expenses, Tenant shall pay Landlord for such excess in addition to Tenant's obligation to pay Tenant's Pro Rata Share of Operating Expenses (such excess, together with Tenant's Pro Rata Share, "Tenant's Share").

9.2. Tenant shall pay to Landlord on the first day of each calendar month of the Term, as Additional Rent, (a) the Property Management Fee (as defined below) and (b) Landlord's estimate of Tenant's Share of Operating Expenses with respect to the Building, the North Campus and the Project, as applicable, for such month.

(x) The "Property Management Fee" shall equal three percent (3%) of Base Rent due from Tenant. Tenant shall pay the Property Management Fee in accordance with Section 9.2 with respect to the entire Term, including any extensions thereof or any holdover periods,



regardless of whether Tenant is obligated to pay Base Rent, Operating Expenses or any other Rent with respect to any such period or portion thereof. For the period commencing on the Term Commencement Date and ending on October 31, 2012 (and any period of occupancy prior to the Term as further described in Section 9.5 of this Lease), the Property Management Fee shall be calculated as if Tenant were paying Sixteen Thousand Two Hundred Twenty Seven Dollars ($16,227.00) per month for Base Rent.

(y) Within ninety (90) days after the conclusion of each calendar year (or such longer period as may be reasonably required by Landlord), Landlord shall furnish to Tenant a statement showing in reasonable detail the actual Operating Expenses and Tenant's Share of Operating Expenses for the previous calendar year. Any additional sum due from Tenant to Landlord

shall be immediately due and payable. If the amounts paid by Tenant pursuant to this Section exceed Tenant's Share of Operating Expenses for the previous calendar year, then Landlord shall credit the difference against the Rent next due and owing from Tenant; provided that, if the Lease term has expired, Landlord shall accompany such statement with payment for the amount of such difference.

(z) Any amount due under this Section for any period that is less than a full month shall be prorated (based on a thirty (30)-day month) for such fractional month.

9.3. Landlord may, from time to time, modify Landlord's calculation and allocation procedures for Operating Expenses, so long as such modifications produce Dollar results substantially consistent with Landlord's then-current practice at the Project. Since the Project consists of multiple buildings, certain Operating Expenses may pertain to a particular building(s), certain Operating Expenses may pertain to the North Campus and other Operating Expenses to the Project as a whole. Landlord reserves the right in its reasonable discretion and in a non-discriminatory manner, to allocate any such costs applicable to any particular building within the Project to such building, any costs applicable to the North Campus to each building in the North Campus (including the Building) and other such costs applicable to the Project to each building in the Project (including the Building), with the tenants in each building being responsible for paying their respective proportionate shares of their buildings to the extent required under their leases. Landlord shall allocate such costs to the buildings (including the Building) in a reasonable, non-discriminatory manner, and such allocation shall be binding on Tenant.

9.4. Landlord's annual statement shall be final and binding upon Tenant unless Tenant, within thirty (30) days after Tenant's receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reasons therefor; provided that Tenant shall in all events pay the amount specified in Landlord's annual statement, pending the results of the Independent Review and determination of the Accountant(s), as applicable and as each such term is defined below. If, during such thirty (30)-day period, Tenant reasonably and in good faith questions or contests the correctness of Landlord's statement of Tenant's Share of Operating Expenses, Landlord shall provide Tenant with reasonable access to Landlord's books and records to the extent relevant to determination of Operating Expenses, and such information as Landlord reasonably determines to be responsive to Tenant's written inquiries. In the event that, after Tenant's review of such information, Landlord and Tenant cannot agree upon the amount of Tenant's Share of Operating Expenses, then Tenant shall have the right to have an independent



public accounting firm hired by Tenant on an hourly basis and not on a contingent-fee basis (at Tenant's sole cost and expense) and approved by Landlord (which approval Landlord shall not unreasonably withhold or delay) audit and review such of Landlord's books and records for the year in question as directly relate to the determination of Operating Expenses for such year (the "Independent Review"). Landlord shall make such books and records available at the location where Landlord maintains them in the ordinary course of its business. Landlord need not provide copies of any books or records. Tenant shall commence the Independent Review within fifteen (15) days after the date Landlord has given Tenant access to Landlord's books and records for the Independent Review. Tenant shall complete the Independent Review and notify Landlord in writing of Tenant's specific objections to Landlord's calculation of Operating Expenses (including Tenant's accounting firm's written statement of the basis, nature and amount of each proposed adjustment) no later than sixty (60) days after Landlord has first given Tenant access to Landlord's books and records for the Independent Review. Landlord shall review the results of any such Independent Review. The parties shall endeavor to agree promptly and reasonably upon Operating Expenses taking into account the results of such Independent Review. If, as of sixty (60) days after Tenant has submitted the Independent Review to Landlord, the parties have not agreed on the appropriate adjustments to Operating Expenses, then the parties shall engage a mutually agreeable independent third party accountant with at least ten (10) years' experience in commercial real estate accounting in the San Mateo County/Alameda County area (the "Accountant"). If the parties cannot agree on the Accountant, each shall within ten (10) days after such impasse appoint an Accountant (different from the accountant and accounting firm that conducted the Independent Review) and, within ten (10) days after the appointment of both such Accountants, those two Accountants shall select a third (which cannot be the accountant and accounting firm that conducted the Independent Review). If either party fails to timely appoint an Accountant, then the Accountant the other party appoints shall be the sole Accountant. Within ten (10) days after appointment of the Accountant(s), Landlord and Tenant shall each simultaneously give the Accountants (with a copy to the other party) its determination of Operating Expenses, with such supporting data or information as each submitting party determines appropriate. Within ten (10) days after such submissions, the Accountants shall by majority vote select either Landlord's or Tenant's determination of Operating Expenses. The Accountants may not select or designate any other determination of Operating Expenses. The determination of the Accountant(s) shall bind the parties. If the parties agree or the Accountant(s) determine that the Operating Expenses actually paid by Tenant for the calendar year in question exceeded Tenant's obligations for such calendar year, then Landlord shall, at Tenant's option, either (a) credit the excess to the next succeeding installments of estimated Additional Rent or (b) pay the excess to Tenant within thirty (30) days after delivery of such results. If the parties agree or the Accountant(s) determine that Tenant's payments of Operating Expenses for such calendar year were less than Tenant's obligation for the calendar year, then Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such results. If the Independent Review reveals or the Accountant(s) determine that the Operating Expenses billed to Tenant by Landlord and paid by Tenant to Landlord for the applicable calendar year in question exceeded by more than five percent (5%) what Tenant should have been billed during such calendar year, then Landlord shall pay the reasonable cost of the Independent Review. In all other cases Tenant shall pay the cost of the Independent Review. In all instances, Tenant shall pay the cost of the Accountant(s).



9.5. Tenant shall not be responsible for Operating Expenses attributable to the time period prior to the Term Commencement Date; provided, however, that if Landlord shall permit Tenant possession of the Premises prior to the Term Commencement Date and Tenant uses the Premises for the purpose of conducting business therein, Tenant shall be responsible for Operating Expenses from such earlier date of possession. Tenant's responsibility for Tenant's Share of Operating Expenses shall continue to the latest of (a) the date of termination of the Lease, (b) the date Tenant has fully vacated the Premises and (c) if termination of the Lease is due to a default by Tenant, the date of rental commencement of a replacement tenant.

9.6. Operating Expenses for the calendar year in which Tenant's obligation to share therein commences and for the calendar year in which such obligation ceases shall be prorated on a basis reasonably determined by Landlord. Expenses such as taxes, assessments and insurance premiums that are incurred for an extended time period shall be prorated based upon the time periods to which they apply so that the amounts attributed to the Premises relate in a reasonable manner to the time period wherein Tenant has an obligation to share in Operating Expenses.

9.7. Within ten (10) business days after the end of each calendar month, Tenant shall submit to Landlord an invoice, or, in the event an invoice is not available, an itemized list, of all costs and expenses that (a) Tenant has incurred (either internally or by employing third parties) during the prior month and (b) for which Tenant reasonably believes it is entitled to reimbursements from Landlord pursuant to the terms of this Lease.

9.8. In the event that the Building, North Campus or Project is less than fully occupied, Tenant acknowledges that Landlord may extrapolate Operating Expenses that vary depending on the occupancy of the Building, North Campus or Project, as applicable, by dividing (a) the total cost of Operating Expenses by (b) the Rentable Area of the Building, North Campus or Project (as applicable) that is occupied, then multiplying (y) the resulting quotient by (z) one hundred percent (100%) of the total Rentable Area of the Building, North Campus or Project (as applicable). Tenant shall pay Tenant's Share of the product of (y) and (z), subject to adjustment as reasonably determined by Landlord; provided, however, that Landlord shall not recover more than one hundred percent (100%) of Operating Expenses.

10. Taxes on Tenant's Property.

10.1. Tenant shall pay prior to delinquency any and all taxes levied against any personal property or trade fixtures placed by Tenant in or about the Premises.

10.2. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or, if the assessed valuation of the Building, the Property or the Project is increased by inclusion therein of a value attributable to Tenant's personal property or trade fixtures, and if Landlord, after written notice to Tenant, pays the taxes based upon any such increase in the assessed value of the Building, the Property or the Project, then Tenant shall, upon demand, repay to Landlord the taxes so paid by Landlord.

10.3. If any improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which



improvements conforming to Landlord's building standards (the "Building Standard") in other spaces in the Building are assessed, then the real property taxes and assessments levied against Landlord or the Building, the Property or the Project by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 10.2. Any such excess assessed valuation due to improvements in or alterations to space in the Project leased by other tenants at the Project shall not be included in Operating Expenses. If the records of the applicable governmental assessor's office are available and sufficiently detailed to serve as a basis for determining whether such Tenant improvements or alterations are assessed at a higher valuation than the Building Standard, then such records shall be binding on both Landlord and Tenant.

11. Security Deposit.

11.1. Tenant shall deposit with Landlord on or before the Execution Date the sum set forth in Section 2.6 (the "Security Deposit"), which sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term. If Tenant Defaults (as defined below) with respect to any provision of this Lease, including any provision relating to the payment of Rent, then Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, then Tenant shall, within ten (10) days following demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease. The provisions of this Article shall survive the expiration or earlier termination of this Lease. TENANT HEREBY WAIVES THE REQUIREMENTS OF SECTION 1950.7 OF THE CALIFORNIA CIVIL CODE, AS THE SAME MAY BE AMENDED FROM TIME TO TIME.

11.2. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings.

11.3. Landlord may deliver to any purchaser of Landlord's interest in the Premises the funds deposited hereunder by Tenant, and (provided such purchaser assumes Landlord's obligations under this Lease) thereupon Landlord shall be discharged from any further liability with respect to such deposit. This provision shall also apply to any subsequent transfers.

11.4. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the Security Deposit, or any balance thereof, shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days after the expiration or earlier termination of this Lease.

11.5. [Intentionally omitted]

11.6. If the Security Deposit shall be in cash, Landlord shall hold the Security Deposit in an account at a banking organization selected by Landlord; provided, however, that Landlord shall not be required to maintain a separate account for the Security Deposit, but may intermingle it with



other funds of Landlord. Landlord shall be entitled to all interest and/or dividends, if any, accruing on the Security Deposit. Landlord shall not be required to credit Tenant with any interest for any period during which Landlord does not receive interest on the Security Deposit.

11.7. The Security Deposit may be in the form of cash, a letter of credit or any other security instrument acceptable to Landlord in its sole discretion. Tenant may at any time, except when Tenant is in Default (as defined below), deliver a letter of credit (the "L/C Security") as the entire Security Deposit, as follows:

(a) If Tenant elects to deliver L/C Security, then Tenant shall provide Landlord, and maintain in full force and effect throughout the Term and until the date that is six (6) months after the then-current Term Expiration Date, a letter of credit in the form of Exhibit E issued by an issuer reasonably satisfactory to Landlord, in the amount of the Security Deposit, with an initial term of at least one year. Landlord may require the L/C Security to be re-issued by a different issuer at any time during the Term if Landlord reasonably believes that the issuing bank of the L/C Security is or may soon become insolvent; provided, however, Landlord shall return the existing L/C Security to the existing issuer immediately upon receipt of the substitute L/C Security. If any issuer of the L/C Security shall become insolvent or placed into FDIC receivership, then Tenant shall immediately deliver to Landlord (without the requirement of notice from Landlord) substitute L/C Security issued by an issuer reasonably satisfactory to Landlord, and otherwise conforming to the requirements set forth in this Article. As used herein with respect to the issuer of the L/C Security, "insolvent" shall mean the determination of insolvency as made by such issuer's primary bank regulator (*i.e.*, the state bank supervisor for state chartered banks; the OCC or OTS, respectively, for federally chartered banks or thrifts; or the Federal Reserve for its member banks). If, at the Term Expiration Date, any Rent remains uncalculated or unpaid, then: (i) Landlord shall with reasonable diligence complete any necessary calculations; (ii) Tenant shall extend the expiry date of such L/C Security from time to time as Landlord reasonably requires; and (iii) in such extended period, Landlord shall not unreasonably refuse to consent to an appropriate reduction of the L/C Security. Tenant shall reimburse Landlord's reasonable and actual legal costs incurred in handling Landlord's acceptance of L/C Security or its replacement or extension.

(b) If Tenant delivers to Landlord satisfactory L/C Security in place of the entire Security Deposit, Landlord shall remit to Tenant any cash Security Deposit Landlord previously held.

(c) Landlord may draw upon the L/C Security, and hold and apply the proceeds in the same manner and for the same purposes as the Security Deposit, if: (i) an uncured Default (as defined below) exists; (ii) as of the date forty-five (45) days before any L/C Security expires (even if such scheduled expiry date is after the Term Expiration Date) Tenant has not delivered to Landlord an amendment or replacement for such L/C Security, reasonably satisfactory to Landlord, extending the expiry date to the earlier of (A) six (6) months after the then-current Term Expiration Date and (B) the date one year after the then-current expiry date of the L/C Security; (iii) the L/C Security provides for automatic renewals, Landlord asks the issuer to confirm the current L/C Security expiry date, and the issuer fails to do so within ten (10) business days; (iv) Tenant fails to pay (when and as Landlord reasonably requires) any bank charges for Landlord's transfer of the L/C Security; or (v) the issuer of the L/C Security ceases, or announces that it will cease, to maintain an office in the city where Landlord may present drafts under the L/C Security



(and fails to permit drawing upon the L/C Security by overnight courier or facsimile). This Section does not limit any other provisions of this Lease allowing Landlord to draw the L/C Security under specified circumstances.

(d) Tenant shall not seek to enjoin, prevent, or otherwise interfere with Landlord's draw under L/C Security, even if it violates this Lease. Tenant acknowledges that the only effect of a wrongful draw would be to substitute a cash Security Deposit for L/C Security, causing Tenant no legally recognizable damage. Landlord shall hold the proceeds of any draw in the same manner and for the same purposes as a cash Security Deposit. In the event of a wrongful draw, the parties shall cooperate to allow Tenant to post replacement L/C Security simultaneously with the return to Tenant of the wrongfully drawn sums, and Landlord shall upon request confirm in writing to the issuer of the L/C Security that Landlord's draw was erroneous.

(e) If Landlord transfers its interest in the Premises, then Tenant shall at Tenant's expense, within five (5) business days after receiving a request from Landlord, deliver (and, if the issuer requires, Landlord shall consent to) an amendment to the L/C Security naming Landlord's grantee as substitute beneficiary. If the required Security Deposit changes while L/C Security is in force, then Tenant shall deliver (and, if the issuer requires, Landlord shall consent to) a corresponding amendment to the L/C Security.

12. Use.

12.1. Tenant shall use the Premises for the purpose set forth in Section 2.7, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

12.2. Tenant shall not use or occupy the Premises in violation of Applicable Laws; zoning ordinances; or the certificate of occupancy issued for the Building or the Project, and shall, upon five (5) days' written notice from Landlord, discontinue any use of the Premises that is declared or claimed by any Governmental Authority having jurisdiction to be a violation of any of the above, or that in Landlord's reasonable opinion violates any of the above. Tenant shall comply with any direction of any Governmental Authority having jurisdiction that shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupation thereof.

12.3. Tenant shall not do or permit to be done anything that will invalidate or increase the cost of any fire, environmental, extended coverage or any other insurance policy covering the Building or the Project, and shall comply with all rules, orders, regulations and requirements of the insurers of the Building and the Project, and Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article.

12.4. Tenant shall keep all doors opening onto public corridors closed, except when in use for ingress and egress.



12.5. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made to existing locks or the mechanisms thereof without Landlord's prior written consent. Tenant shall, upon termination of this Lease, return to Landlord all keys to offices and restrooms either furnished to or otherwise procured by Tenant. In the event any key so furnished to Tenant is lost, Tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

12.6. No awnings or other projections shall be attached to any outside wall of the Building. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord's standard window coverings. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without Landlord's prior written consent, nor shall any bottles, parcels or other articles be placed on the windowsills. No equipment, furniture or other items of personal property shall be placed on any exterior balcony without Landlord's prior written consent.

12.7. No sign, advertisement or notice ("Signage") shall be exhibited, painted or affixed by Tenant on any part of the Premises or the Building without Landlord's prior written consent. Signage shall conform to Landlord's design criteria. For any Signage, Tenant shall, at Tenant's own cost and expense, (a) acquire all permits for such Signage in compliance with Applicable Laws and (b) design, fabricate, install and maintain such Signage in a first-class condition. Tenant shall be responsible for reimbursing Landlord for costs incurred by Landlord in removing any of Tenant's Signage upon the expiration or earlier termination of the Lease. Interior signs on entry doors to the Premises and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at Tenant's sole cost and expense, and shall be of a size, color and type and be located in a place acceptable to Landlord. The directory tablet shall be provided exclusively for the display of the name and location of tenants only. Tenant shall not place anything on the exterior of the corridor walls or corridor doors other than Landlord's standard lettering. At Landlord's option, Landlord may install any Tenant Signage, and Tenant shall pay all costs associated with such installation within thirty (30) days after demand therefor.

12.8. Tenant shall only place equipment within the Premises with floor loading consistent with the Building's structural design without Landlord's prior written approval, and such equipment shall be placed in a location designed to carry the weight of such equipment.

12.9. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations therefrom from extending into the Common Areas or other offices in the Project.

12.10. Tenant shall not (a) do or permit anything to be done in or about the Premises that shall in any way obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or annoy them, (b) use or allow the Premises to be used for immoral, unlawful or objectionable purposes, (c) cause, maintain or permit any nuisance or waste in, on or about the Project or (d) take any other action that would in Landlord's reasonable determination in any manner adversely affect other tenants' quiet use and enjoyment of their space or adversely impact their ability to conduct business in a professional and suitable work environment.



12.11. Notwithstanding any other provision in this Lease to the contrary, Landlord shall deliver the Premises to Tenant on the Term Commencement Date in compliance with the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the "ADA"). Thereafter, Tenant shall be liable for all liabilities, costs and expenses arising out of or in connection with the compliance of the Premises with the ADA, and Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord and its affiliates, employees, agents and contractors; and any lender, mortgagee or beneficiary (each, a "Lender" and, collectively with Landlord and its affiliates, employees, agents and contractors, the "Landlord Indemnitees") harmless from and against any demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses (including reasonable attorneys' fees, charges and disbursements) incurred in investigating or resisting the same (collectively, "Claims") arising out of any such failure by Tenant to satisfy its obligations pursuant to this Section. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

13. Rules and Regulations, CC&Rs, Parking Facilities and Common Areas.

13.1. Tenant shall have the non-exclusive right, in common with others, to use the Common Areas in conjunction with Tenant's use of the Premises for the Permitted Use, and such use of the Common Areas and Tenant's use of the Premises shall be subject to the rules and regulations adopted by Landlord and attached hereto as Exhibit F, together with such other reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord in its reasonable discretion (the "Rules and Regulations"); provided that such Rules and Regulations shall not be construed in any way to modify or amend, in whole or in part, the terms, covenants, agreements and conditions of this Lease (other than the initial Rules and Regulations). Tenant shall faithfully observe and comply with the Rules and Regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or any agent, employee or invitee thereof of any of the Rules and Regulations.

13.2. This Lease is subject to any recorded covenants, conditions or restrictions on the Project or Property (the "CC&Rs"), as the same may be amended, amended and restated, supplemented or otherwise modified from time to time. Tenant shall comply with the CC&Rs.

13.3. Tenant shall have a non-exclusive, irrevocable license to use Tenant's Pro Rata Share of parking facilities serving the Building in common on an unreserved basis with other tenants of the Building during the Term at no additional cost. As of the Execution Date, Tenant's Pro Rata Share of such parking facilities amounts to three and two-tenths (3.2) parking spaces per one thousand (1,000) square feet of Rentable Area of the Premises.

13.4. Tenant agrees not to unreasonably overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord reserves the right to determine that parking facilities are becoming overcrowded and to limit Tenant's use thereof, but not below three and two tenths (3.2) spaces per one thousand (1,000) square feet of Rentable Area of the Premises. Upon such determination, Landlord may reasonably allocate parking spaces among Tenant and other tenants of the Building or the Project. Nothing in this Section, however, is intended to create an affirmative duty on Landlord's part to monitor parking.



13.5. Landlord reserves the right to modify the Common Areas, including the right to add or remove exterior and interior landscaping and to subdivide real property; provided that Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use of the Premises for the Permitted Use. Tenant acknowledges that Landlord specifically reserves the right to allow the exclusive use of corridors and restroom facilities located on specific floors to one or more tenants occupying such floors; provided, however, that Tenant shall not be deprived of the use of the corridors reasonably required to serve the Premises or of restroom facilities serving the floor upon which the Premises are located.

14. Project Control by Landlord.

14.1. Landlord reserves full control over the Building and the Project to the extent not inconsistent with Tenant's enjoyment of the Premises as provided by this Lease. This reservation includes Landlord's right to subdivide the Project; convert the Building and other buildings within the Project to condominium units; change the size of the Project by selling all or a portion of the Project or adding real property and any improvements thereon to the Project; grant easements and licenses to third parties; maintain or establish ownership of the Building separate from fee title to the Property; make additions to or reconstruct portions of the Building and the Project; install, use, maintain, repair, replace and relocate for service to the Premises and other parts of the Building or the Project pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises, the Building or elsewhere at the Project; and alter or relocate any other Common Area or facility, including private drives, lobbies and entrances.

14.2. Possession of areas of the Premises necessary for utilities, services, safety and operation of the Building is reserved to Landlord.

14.3. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant or that deprives Tenant of the quiet enjoyment and use of the Premises or diminishes Tenant's rights as provided for in this Lease.

14.4. Landlord may, at any and all reasonable times during non-business hours (or during business hours, if (a) with respect to Subsections 14.4(u) through 14.4(y), Tenant so requests, and (b) with respect to Subsection 14.4(w), if Landlord so requests), and upon twenty-four (24) hours' prior notice (provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (u) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (v) supply any service Landlord is required to provide hereunder, (w) alter, improve or repair any portion of the Building other than the Premises for which access to the Premises is reasonably necessary, (x) post notices of nonresponsibility, (y) access the telephone equipment, electrical substation and fire risers and (z) show the Premises to prospective purchasers or tenants during the final year of the Term. In connection with any such alteration, improvement or repair as described in Subsection 14.4(z), Landlord may erect in the Premises or elsewhere in the Project scaffolding and other structures reasonably required for the alteration, improvement or repair work to be performed. In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section; provided, however, that all such activities shall be conducted in such a manner so as to cause as little



interference to Tenant as is reasonably possible. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the

Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

15. Quiet Enjoyment. Landlord covenants that Tenant, upon paying the Rent and performing its obligations contained in this Lease, may peacefully and quietly have, hold and enjoy the Premises, free from any claim by Landlord or persons claiming under Landlord, but subject to all of the terms and provisions hereof, provisions of Applicable Laws and rights of record to which this Lease is or may become subordinate. This covenant is in lieu of any other quiet enjoyment covenant, either express or implied.

16. Utilities and Services.

16.1. Tenant shall pay for all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), gas, heat, light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any fees, surcharges and taxes thereon. If any such utility is not separately metered to Tenant, Tenant shall pay Tenant's Share of all charges of such utility jointly metered with other premises as Additional Rent or, in the alternative, Landlord may, at its option, monitor the usage of such utilities by Tenant and charge Tenant with the cost of purchasing, installing and monitoring such metering equipment, which cost shall be paid by Tenant as Additional Rent. To the extent that Tenant uses more than Tenant's Pro Rata Share of any utilities, then Tenant shall pay Landlord for Tenant's Share of such utilities to reflect such excess. In the event that the Building, North Campus or Project, as applicable, is less than fully occupied, Tenant acknowledges that Landlord may extrapolate utility usage that vary depending on the occupancy of the Building, North Campus or Project, as applicable, by dividing (a) the total cost of utility usage by (b) the Rentable Area of the Building, the North Campus or Project (as applicable) that is occupied, then multiplying (y) the resulting quotient by (z) one hundred percent (100%) of the total Rentable Area of the Building, North Campus, or Project (as applicable). Tenant shall pay Tenant's Share of the product of (y) and (z), subject to adjustment based on actual usage as reasonably determined by Landlord; provided, however, that, Landlord shall not recover more than one hundred percent (100%) of such utility costs. Tenant shall not be liable for the cost of utilities supplied to the Premises attributable to the time period prior to the Term Commencement Date; provided, however, that, if Landlord shall permit Tenant possession of the Premises prior to the Term Commencement Date and Tenant uses the Premises for the purpose of conducting business therein, then Tenant shall be responsible for the cost of utilities supplied to the Premises from such earlier date of possession.

16.2. Landlord shall not be liable for, nor shall any eviction of Tenant result from, the failure to furnish any utility or service, whether or not such failure is caused by accident; breakage; repair; strike, lockout or other labor disturbance or labor dispute of any character; act of terrorism; shortage of materials, which shortage is not unique to Landlord or Tenant, as the case may be; governmental regulation, moratorium or other governmental action, inaction or delay; or other causes beyond Landlord's control (collectively, "Force Majeure") or, to the extent permitted by



Applicable Laws, Landlord's negligence. In the event of such failure, Tenant shall not be entitled to termination of this Lease or any abatement or reduction of Rent, nor shall Tenant be relieved from the operation of any covenant or agreement of this Lease.

16.3. Tenant shall pay for, prior to delinquency of payment therefor, any utilities and services that may be furnished to the Premises during or, if Tenant occupies the Premises after the expiration or earlier termination of the Term, after the Term, beyond those utilities provided by Landlord, including telephone, internet service, cable television and other telecommunications, together with any fees, surcharges and taxes thereon. Upon Landlord's demand, utilities and services provided to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utilities or services.

16.4. Tenant shall not, without Landlord's prior written consent, use any device in the Premises (including data processing machines) that will in any way (a) increase the amount of ventilation, air exchange, gas, steam, electricity or water required or consumed in the Premises based upon Tenant's Pro Rata Share of the Building or Project (as applicable) beyond the existing capacity of the Building or the Project usually furnished or supplied for the use set forth in Section 2.7 or (b) exceed Tenant's Pro Rata Share of the Building's or Project's (as applicable) capacity to provide such utilities or services.

16.5. If Tenant shall require utilities or services in excess of those usually furnished or supplied for tenants in similar spaces in the Building or the Project by reason of Tenant's equipment or extended hours of business operations, then Tenant shall first procure Landlord's consent for the use thereof, which consent Landlord may condition upon the availability of such excess utilities or services, and Tenant shall pay as Additional Rent an amount equal to the cost of providing such excess utilities and services.

16.6. Landlord shall provide water in Common Areas for lavatory and landscaping purposes only, which water shall be from the local municipal or similar source; provided, however, that if Landlord determines that Tenant requires, uses or consumes water provided to the Common Areas for any purpose other than ordinary lavatory purposes, Landlord may install a water meter ("Tenant Water Meter") and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Landlord for the costs of any Tenant Water Meter and the installation and maintenance thereof during the Term. If Landlord installs a Tenant Water Meter, Tenant shall pay for water consumed, as shown on such meter, as and when bills are rendered. If Tenant fails to timely make such payments, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes stated in this Section shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

16.7. Provided that Landlord shall give reasonable prior notice (of not less than twenty-four (24) hours on a business day), except in case of an emergency (in which case no prior notice shall be required), Landlord reserves the right to stop service of the elevator, plumbing, ventilation, air conditioning and utility systems, when Landlord deems necessary or desirable, due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and Landlord shall further have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilation, air

conditioning or utility service when prevented from doing so by Force Majeure or, to the extent permitted by Applicable Laws, Landlord's negligence; a failure by a third party to deliver gas, oil or another suitable fuel supply; or Landlord's inability by exercise of reasonable diligence to obtain gas, oil or another suitable fuel. Without limiting the foregoing, it is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of Force Majeure or, to the extent permitted by Applicable Laws, Landlord's negligence.

16.8. [Intentionally omitted]

16.9. For the Premises, Landlord shall (a) maintain and operate the heating, ventilating and air conditioning systems used for typical office use only ("HVAC") (and not for uses other than office use, including HVAC related to laboratory fixtures and equipment) and (b) subject to clause (a) above, furnish HVAC as reasonably required (except as this Lease otherwise provides or as to any special requirements that arise from Tenant's particular use of the Premises) for reasonably comfortable occupancy of the Premises twenty-four (24) hours a day, every day during the Term, subject to casualty, eminent domain or as otherwise specified in this Article. Notwithstanding anything to the contrary in this Section, Landlord shall have no liability, and Tenant shall have no right or remedy, on account of any interruption or impairment in HVAC services; provided that Landlord diligently endeavors to cure any such interruption or impairment.

16.10. For any utilities serving the Premises for which Tenant is billed directly by such utility provider, within thirty (30) days after Landlord's request, Tenant agrees to furnish to Landlord (a) any invoices or statements for such utilities, (b) any other utility usage information reasonably requested by Landlord, and (c) once a year, an ENERGY STAR® Statement of Performance (or similar comprehensive utility usage report (e.g., related to Labs 21), if requested by Landlord) and any other information reasonably requested by Landlord for the immediately preceding year. Tenant shall retain records of utility usage at the Premises, including invoices and statements from the utility provider, twelve (12) months after the expiration or earlier termination of the Term. Tenant acknowledges that any utility information for the Premises, the Building and the Project may be shared with third parties, including Landlord's consultants and Governmental Authorities. In the event that Tenant fails to comply with this Section, Tenant hereby authorizes Landlord to collect utility usage information directly from the applicable utility providers. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17. Alterations.

17.1. Tenant shall make no alterations, additions or improvements in or to the Premises or engage in any construction, demolition, reconstruction, renovation, or other work (whether major or minor) of any kind in, at, or serving the Premises ("Alterations") without Landlord's prior written approval, which approval Landlord shall not unreasonably withhold; provided, however, that in the event any proposed Alteration affects (a) any structural portions of the Building, including exterior walls, roof, foundation, foundation systems (including barriers and subslab systems), or core of the Building, (b) the exterior of the Building or (c) any Building systems, including elevator, plumbing, air conditioning, heating, electrical, security, life safety and power,



then Landlord may withhold its approval with respect thereto in its sole and absolute discretion. Tenant shall, in making any such Alterations, use only those architects, contractors, suppliers and mechanics of which Landlord has given prior written approval, which approval shall be in Landlord's sole and absolute discretion. In seeking Landlord's approval, Tenant shall provide Landlord, at least fourteen (14) days in advance of any proposed construction, with plans, specifications, bid proposals, certified stamped engineering drawings and calculations by Tenant's engineer of record or architect of record, (including connections to the Building's structural system, modifications to the Building's envelope, non-structural penetrations in slabs or walls, and modifications or tie-ins to life safety systems), work contracts, requests for laydown areas and such other information concerning the nature and cost of the Alterations as Landlord may reasonably request. In no event shall Tenant use or Landlord be required to approve any architects, consultants, contractors, subcontractors or material suppliers that Landlord reasonably believes could cause labor disharmony.

17.2. Tenant shall not construct or permit to be constructed partitions or other obstructions that might interfere with free access to mechanical installation or service facilities of the Building or with other tenants' components located within the Building, or interfere with the moving of Landlord's equipment to or from the enclosures containing such installations or facilities.

17.3. Tenant shall accomplish any work performed on the Premises or the Building in such a manner as to permit any life safety systems to remain fully operable at all times.

17.4. Any work performed on the Premises, the Building or the Project by Tenant or Tenant's contractors shall be done at such times and in such manner as Landlord may from time to time reasonably designate. Tenant covenants and agrees that all work done by Tenant or Tenant's contractors shall be performed in full compliance with Applicable Laws. Within thirty (30) days after completion of any Alterations, Tenant shall provide Landlord with complete "as-built" drawing print sets and electronic CADD files on disc (or files in such other current format in common use as Landlord reasonably approves or requires) showing any changes in the Premises.

17.5. Before commencing any Alterations, Tenant shall give Landlord at least fourteen (14) days' prior written notice of the proposed commencement of such work and shall, if required by Landlord in connection with work anticipated to cost in excess of

Twenty-Five Thousand Dollars ($25,000), secure, at Tenant's own cost and expense, a completion and lien indemnity bond satisfactory to Landlord for such work.

17.6. Tenant shall repair any damage to the Premises caused by Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if such space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17.7. (a) The Premises shall at all times remain the property of Landlord and shall be surrendered to Landlord upon the expiration or earlier termination of this Lease.

(b) All Alterations, Signage, permanently attached equipment, permanently attached decorations, permanently attached fixtures, additions and improvements permanently



attached to or built into the Premises, made by either of the Parties (including all floor and wall coverings, built-in cabinet work and paneling, sinks and related plumbing fixtures, ductwork, conduits, electrical panels and circuits), shall (unless, prior to such construction or installation, Landlord elects otherwise) become the property of Landlord upon the expiration or earlier termination of the Term, and shall remain upon and be surrendered with the Premises as a part thereof.

(c) Subject to Section 17.7(b) and except as to those items listed on Exhibit H attached hereto (which Exhibit H may be updated by Tenant from and after the Term Commencement Date, subject to Landlord's written consent), built-in furniture and cabinets, together with all additions and accessories thereto, installed in and upon the Premises shall be and remain the property of Landlord and shall not be moved by Tenant at any time during the Term.

(d) Notwithstanding any other provision of this Article to the contrary, in no event shall Tenant remove any improvement from the Premises as to which Landlord contributed payment without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

(e) If Tenant shall fail to remove any of its effects from the Premises prior to termination of this Lease, then Landlord may, at its option, remove the same in any manner that Landlord shall choose and store such effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option and without notice to Tenant, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (i) amounts due by Tenant to Landlord under this Lease and (ii) any expenses incident to the removal, storage and sale of such personal property.

17.8. Tenant shall pay to Landlord an amount equal to three percent (3%) of the cost to Tenant of all Alterations (which do not include the Tenant Improvements) to cover Landlord's overhead and expenses for plan review, coordination, scheduling and supervision thereof. For purposes of payment of such sum, Tenant shall submit to Landlord copies of all bills, invoices and statements covering the costs of such charges, accompanied by payment to Landlord of the fee set forth in this Section. Tenant shall reimburse Landlord for any extra expenses incurred by Landlord by reason of faulty work done by Tenant or its contractors, or by reason of delays caused by such work, or by reason of inadequate clean-up.

17.9. Within sixty (60) days after final completion of any Alterations performed by Tenant with respect to the Premises, Tenant shall submit to Landlord documentation showing the amounts expended by Tenant with respect to such Alterations, together with supporting documentation reasonably acceptable to Landlord.

17.10. Tenant shall take, and shall cause its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Alterations, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.



17.11. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and Lenders as additional insureds on their respective insurance policies.

18. Repairs and Maintenance.

18.1. Landlord shall repair and maintain the structural and exterior portions and Common Areas of the Building and the Project, including roofing and covering materials; foundations; exterior walls; plumbing; fire sprinkler systems (if any); heating, ventilating, air conditioning systems; elevators; and electrical systems installed or furnished by Landlord in good condition and repair.

18.2. Except for services of Landlord, if any, required by Section 18.1, Tenant shall at Tenant's sole cost and expense maintain and keep the Premises and every part thereof in good condition and repair, damage thereto from ordinary wear and tear excepted. Tenant shall, upon the expiration or sooner termination of the Term, surrender the Premises to Landlord in as good a condition as when received, ordinary wear and tear excepted; and shall, at Landlord's request and Tenant's sole cost and expense, remove all telephone and data systems, wiring and equipment from the Premises, and repair any damage to the Premises caused thereby. Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof.

18.3. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance that is Landlord's obligation pursuant to this Lease unless such failure shall persist for an unreasonable time after Tenant provides Landlord with written notice of the need of such repairs or maintenance. Tenant waives its rights under Applicable Laws now or hereafter in effect to make repairs at Landlord's expense.

18.4. Provided Landlord uses commercially reasonable efforts to minimize interference with Tenant's use, if any excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter the Premises for the purpose of performing such work as such person shall deem necessary or desirable to preserve and protect the Building from injury or damage and to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under this Lease.

18.5. This Article relates to repairs and maintenance arising in the ordinary course of operation of the Building and the Project. In the event of a casualty described in Article 24, Article 24 shall apply in lieu of this Article. In the event of eminent domain, Article 25 shall apply in lieu of this Article.

18.6. Subject to Section 9.1(c), costs incurred by Landlord pursuant to this Article shall constitute Operating Expenses.



19. Liens.

19.1. Subject to the immediately succeeding sentence, Tenant shall keep the Premises, the Building and the Project free from any liens arising out of work or services performed, materials furnished or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's or materialman's lien filed against the Premises, the Building or the Project for work or services claimed to have been done for, or materials claimed to have been furnished to, or obligations incurred by Tenant shall be discharged or bonded by Tenant within fourteen (14) days after the filing thereof, at Tenant's sole cost and expense.

19.2. Should Tenant fail to discharge or bond against any lien of the nature described in Section 19.1, Landlord may, at Landlord's election, pay such claim or post a statutory lien bond or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall immediately reimburse Landlord for the costs thereof as Additional Rent. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any Claims arising from any such liens, including any administrative, court or other legal proceedings related to such liens.

19.3. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Premises, the Building or the Project be furnished on a financing statement without qualifying language as to applicability of the lien only to removable personal property located in an identified suite leased by Tenant. Should any holder of a financing statement record or place of record a financing statement that appears to constitute a lien against any interest of Landlord or against equipment that may be located other than within an identified suite leased by Tenant, Tenant shall, within ten (10) days after filing such financing statement, cause (a) a copy of the Lender security agreement or other documents to which the financing statement pertains to be furnished to Landlord to facilitate Landlord's ability to demonstrate that the lien of such financing statement is not applicable to Landlord's interest and (b) Tenant's Lender to amend such financing statement and any other documents of record to clarify that any liens imposed thereby are not applicable to any interest of Landlord in the Premises, the Building or the Project.

20. Estoppel Certificate. Tenant shall, within ten (10) business days of receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit I, or on any other form reasonably requested by a proposed Lender or purchaser, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be requested thereon. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such



statement within such the prescribed time shall, at Landlord's option, constitute a Default (as defined below) under this Lease, and, in any event, shall be binding upon Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

21. Hazardous Materials.

21.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises, the Building or the Project in violation of Applicable Laws by a Tenant Party. If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Project, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder or (d) contamination of the Project occurs as a result of Hazardous Materials that are placed on or under or are released into the

Project by a Tenant Party, then Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims, including (w) diminution in value of the Project or any portion thereof, (x) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Project, (y) damages arising from any adverse impact on marketing of space in the Project or any portion thereof and (z) sums paid in settlement of Claims that arise during or after the Term as a result of such breach or contamination. This indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any Governmental Authority because of Hazardous Materials present in the air, soil or groundwater above, on or under or about the Project. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Project, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Project, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Project, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Project, any portion thereof or any adjacent property.

21.2. Landlord acknowledges that it is not the intent of this Article to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental Applicable Laws, (b) a list of any and all approvals or permits from Governmental Authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of (i) notices of violations of Applicable Laws related to Hazardous Materials and (ii) plans relating to the installation of any storage tanks to be installed in, on, under or about the Project (provided that



installation of storage tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent Landlord may withhold in its sole and absolute discretion) and closure plans or any other documents required by any and all Governmental Authorities for any storage tanks installed in, on, under or about the Project for the closure of any such storage tanks (collectively, "Hazardous Materials Documents"). Tenant shall deliver to Landlord updated Hazardous Materials Documents (l) no later than thirty (30) days prior to the initial occupancy of any portion of the Premises or the initial placement of equipment anywhere at the Project, (m) if there are any changes to the Hazardous Materials Documents, annually thereafter no later than December 31 of each year, and (n) thirty (30) days prior to the initiation by Tenant of any Alterations or changes in Tenant's business that involve any material increase in the types or amounts of Hazardous Materials. For each type of Hazardous Material listed, the Hazardous Materials Documents shall include (t) the chemical name, (u) the material state (e.g., solid, liquid, gas or cryogen), (v) the concentration, (w) the storage amount and storage condition (e.g., in cabinets or not in cabinets), (x) the use amount and use condition (e.g., open use or closed use), (y) the location (e.g., room number or other identification) and (z) if known, the chemical abstract service number. Notwithstanding anything in this Section to the contrary, Tenant shall not be required to provide Landlord with any Hazardous Materials Documents containing information of a proprietary nature, which Hazardous Materials Documents, in and of themselves, do not contain a reference to any Hazardous Materials or activities related to Hazardous Materials. Landlord may, at Landlord's expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with Applicable Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance.

21.3. Notwithstanding the provisions of Sections 21.1 21.2 or 21.9, if (a) Tenant or any proposed transferee, assignee or sublessee of Tenant has been required by any prior landlord, Lender or Governmental Authority to take material remedial action in connection with Hazardous Materials contaminating a property if the contamination resulted from such party's action or omission or use of the property in question or (b) Tenant or any proposed transferee, assignee or sublessee is subject to a material enforcement order issued by any Governmental Authority in connection with the use, disposal or storage of Hazardous Materials, then Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion (with respect to any such matter involving Tenant), and it shall not be unreasonable for Landlord to withhold its consent to any proposed transfer, assignment or subletting (with respect to any such matter involving a proposed transferee, assignee or sublessee).

21.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials exist at the Project in violation of this Lease.

21.5. If underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant (or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the



storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws. Tenant shall have no responsibility or liability for underground or other storage tanks installed by anyone other than Tenant unless Tenant utilizes such tanks, in which case Tenant's responsibility for such tanks shall be as set forth in this Section.

21.6. Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises of which Tenant becomes aware.

21.7. Tenant's obligations under this Article shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any such Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Article 27 below.

21.8. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste that is or becomes regulated by any Governmental Authority.

21.9. Notwithstanding anything to the contrary in this Lease, Landlord shall have sole control over the equitable allocation of fire control areas (as defined in the Uniform Building Code as adopted by the city or municipality(ies) in which the Project is located (the "UBC")) within the Project for the storage of Hazardous Materials. Notwithstanding anything to the contrary in this Lease, the quantity of Hazardous Materials allowed by this Section 21.9 is specific to Tenant and shall not run with the Lease in the event of a Transfer (as defined in Article 29). In the event of a Transfer, if the use of Hazardous Materials by such new tenant ("New Tenant") is such that New Tenant utilizes fire control areas in the Project in excess of New Tenant's Pro Rata Share of the Building or the Project, as applicable, then New Tenant shall, at its sole cost and expense and upon Landlord's written request, establish and maintain a separate area of the Premises classified by the UBC as an "H" occupancy area for the use and storage of Hazardous Materials, or take such other action as is necessary to ensure that its share of the fire control areas of the Building and the Project is not greater than New Tenant's Pro Rata Share of the Building or the Project, as applicable.

22. Odors and Exhaust. Tenant acknowledges that Landlord would not enter into this Lease with Tenant unless Tenant assured Landlord that under no circumstances will any other occupants of the Building or the Project (including persons legally present in any outdoor areas of the Project) be subjected to odors or fumes (whether or not noxious), and that the Building and the Project will not be damaged by any exhaust, in each case from Tenant's operations. Landlord and Tenant therefore agree as follows:

22.1. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises.

22.2. If the Building has a ventilation system that, in Landlord's judgment, is adequate, suitable, and appropriate to vent the Premises in a manner that does not release odors affecting any indoor or outdoor part of the Project, Tenant shall vent the Premises through such system. If Landlord at any time determines that any existing ventilation system is inadequate, or if no ventilation system exists, Tenant shall in compliance with Applicable Laws vent all fumes and



odors from the Premises (and remove odors from Tenant's exhaust stream) as Landlord requires. The placement and configuration of all ventilation exhaust pipes, louvers and other equipment shall be subject to Landlord's approval. Tenant acknowledges Landlord's legitimate desire to maintain the Project (indoor and outdoor areas) in an odor-free manner, and Landlord may require Tenant to abate and remove all odors in a manner that goes beyond the requirements of Applicable Laws.

22.3. Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to completely remove, eliminate and abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations.

22.4. Tenant's responsibility to remove, eliminate and abate odors, fumes and exhaust shall continue throughout the Term.

22.5. If Tenant fails to install satisfactory odor control equipment within ten (10) business days after Landlord's demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's determination, cause odors, fumes or exhaust. For example, if Landlord determines that Tenant's production of a certain type of product causes odors, fumes or exhaust, and Tenant does not install satisfactory odor control equipment within ten (10) business days after Landlord's request, then Landlord may require Tenant to stop producing such type of product in the Premises unless and until Tenant has installed odor control equipment satisfactory to Landlord.

23. Insurance; Waiver of Subrogation.

23.1. Landlord shall maintain insurance for the Building and the Project in amounts equal to full replacement cost (exclusive of the costs of excavation, foundations and footings, and without reference to depreciation taken by Landlord upon its books or tax returns) or such lesser coverage as Landlord may elect, provided that such coverage shall not be less than ninety percent (90%) of such full replacement cost or the amount of such insurance Landlord's Lender, if any, requires Landlord to maintain, providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage (if applicable), vandalism and malicious mischief. Landlord, subject to availability thereof, shall further insure, if Landlord deems it appropriate, coverage against flood, environmental hazard, earthquake, loss or failure of building equipment, rental loss during the period of repairs or rebuilding, workmen's compensation insurance and fidelity bonds for employees employed to perform services. Notwithstanding the foregoing, Landlord may, but shall not be deemed required to, provide insurance for any improvements installed by Tenant or that are in addition to the standard improvements customarily furnished by Landlord, without regard to whether or not such are made a part of or are affixed to the Building.

23.2. In addition, Landlord shall carry commercial general liability insurance with a single limit of not less than One Million Dollars ($1,000,000) for death or bodily injury, or property damage with respect to the Project.

23.3. Tenant shall, at its own cost and expense, procure and maintain in effect, beginning on the Term Commencement Date or the date of occupancy, whichever occurs first, and continuing throughout the Term (and occupancy by Tenant, if any, after termination of this Lease) comprehensive commercial general liability insurance with limits of not less than Two Million Dollars ($2,000,000) per occurrence for death or bodily injury and for property damage with respect to the Premises (including $100,000 fire legal liability (each loss)).

23.4. The insurance required to be purchased and maintained by Tenant pursuant to this Lease shall name Landlord, BioMed Realty, L.P., BioMed Realty Trust, Inc. and their respective officers, directors, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("Landlord Parties") as additional insureds. Such insurance shall be with companies authorized to do business in the state in which the Project is located and having a rating of not less than policyholder rating of A and financial category rating of at least Class XII in "Best's Insurance Guide." Tenant shall obtain for Landlord from the insurance companies or cause the insurance companies to furnish certificates of coverage to Landlord. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days' prior written notice to Landlord from Tenant (except in the event of non-payment of premium, in which case ten (10) days written notice shall be given). All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's policy may be a "blanket policy" that specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Tenant shall, at least twenty (20) days prior to the expiration of such policies, furnish Landlord with renewals or binders. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent.

23.5. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

23.6. In each instance where insurance is to name Landlord Parties as additional insureds, Tenant shall, upon Landlord's written request, also designate and furnish certificates evidencing such Landlord Parties as additional insureds to (a) any Lender of Landlord holding a security interest in the Building, the Property or the Project, (b) the landlord under any lease whereunder Landlord is a tenant of the Property if the interest of Landlord is or shall become that of a tenant under a ground lease rather than that of a fee owner and (c) any management company retained by Landlord to manage the Project.

23.7. Landlord and Tenant each hereby waive any and all rights of recovery against the other or against the officers, directors, employees, agents, general partners, members, subsidiaries,



affiliates and Lenders of the other on account of loss or damage occasioned by such waiving party or its property or the property of others under such waiving party's control, in each case to the extent that such loss or damage is insured against under any fire and extended coverage insurance policy that either Landlord or Tenant may have in force at the time of such loss or damage. Such waivers shall continue so long as their respective insurers so permit. Any termination of such a waiver shall be by written notice to the other party, containing a description of the circumstances hereinafter set forth in this Section. Landlord and Tenant, upon obtaining the policies of insurance required or permitted under this Lease, shall give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease. If such policies shall not be obtainable with such waiver or shall be so obtainable only at a premium over that chargeable without such waiver, then the party seeking such policy shall notify the other of such conditions, and the party so notified shall have ten (10) days thereafter to either (a) procure such insurance with companies reasonably satisfactory to the other party or (b) agree to pay such additional premium (in Tenant's case, in the proportion that the area of the Premises bears to the insured area). If the parties do not accomplish either (a) or (b), then this Section shall have no effect during such time as such policies shall not be obtainable or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium. If such policies shall at any time be unobtainable, but shall be subsequently obtainable, then neither party shall be subsequently liable for a failure to obtain such insurance until a reasonable time after notification thereof by the other party. If the release of either Landlord or Tenant, as set forth in the first sentence of this Section, shall contravene Applicable Laws, then the liability of the party in question shall be deemed not released but shall be secondary to the other party's insurer.

23.8. Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's Lender.

23.9. Any costs incurred by Landlord pursuant to this Article shall constitute a portion of Operating Expenses.

24. Damage or Destruction.

24.1. In the event of a partial destruction of (a) the Premises or (b) Common Areas of the Building or the Project ((a) and (b) together, the "Affected Areas") by fire or other perils covered by extended coverage insurance not exceeding twenty-five percent (25%) of the full insurable value thereof, and provided that (x) the damage thereto is such that the Affected Areas may be repaired,

reconstructed or restored within a period of six (6) months from the date of the happening of such casualty, (y) Landlord shall receive insurance proceeds sufficient to cover the cost of such repairs, reconstruction and restoration (except for any deductible amount provided by Landlord's policy, which deductible amount, if paid by Landlord, shall constitute an Operating Expense) and (z) such casualty was not intentionally caused by a Tenant Party, then Landlord shall commence and proceed diligently with the work of repair, reconstruction and restoration of the Affected Areas and this Lease shall continue in full force and effect.

24.2. In the event of any damage to or destruction of the Building or the Project other than as described in Section 24.1, Landlord may elect to repair, reconstruct and restore the Building or the Project, as applicable, in which case this Lease shall continue in full force and



effect. If Landlord elects not to repair, reconstruct and restore the Building or the Project, as applicable, then this Lease shall terminate as of the date of such damage or destruction

24.3. Landlord shall give written notice to Tenant within sixty (60) days following the date of damage or destruction of its election not to repair, reconstruct or restore the Building or the Project, as applicable.

24.4. Upon any termination of this Lease under any of the provisions of this Article, the parties shall be released thereby without further obligation to the other from the date possession of the Premises is surrendered to Landlord, except with regard to (a) items occurring prior to the damage or destruction and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

24.5. In the event of repair, reconstruction and restoration as provided in this Article, all Rent to be paid by Tenant under this Lease shall be abated proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair, reconstruction and restoration that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business; provided, however, that the amount of such abatement shall be reduced by the proceeds of business interruption or loss of rental income insurance actually received by Tenant with respect to the Premises.

24.6. Notwithstanding anything to the contrary contained in this Article, should Landlord be delayed or prevented from completing the repair, reconstruction or restoration of the damage or destruction to the Premises after the occurrence of such damage or destruction by Force Majeure or delays caused by a Tenant Party, then the time for Landlord to commence or complete repairs, reconstruction and restoration shall be extended on a day-for-day basis; provided, however, that, at Landlord's election, Landlord shall be relieved of its obligation to make such repairs, reconstruction and restoration.

24.7. If Landlord is obligated to or elects to repair, reconstruct or restore as herein provided, then Landlord shall be obligated to make such repairs, reconstruction or restoration only with regard to (a) those portions of the Premises that were originally provided at Landlord's expense and (b) the Common Area portion of the Affected Areas. The repairs, reconstruction or restoration of improvements not originally provided by Landlord or at Landlord's expense shall be the obligation of Tenant. In the event Tenant has elected to upgrade certain improvements from the Building Standard, Landlord shall, upon the need for replacement due to an insured loss, provide only the Building Standard, unless Tenant again elects to upgrade such improvements and pay any incremental costs related thereto, except to the extent that excess insurance proceeds, if received, are adequate to provide such upgrades, in addition to providing for basic repairs, reconstruction and restoration of the Premises, the Building and the Project.

24.8. Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises if the damage resulting from any casualty covered under this Article occurs during the last twelve (12) months of the Term or any extension thereof, or to the extent that insurance proceeds are not available therefor.



24.9. Landlord's obligation, should it elect or be obligated to repair, reconstruct or restore, shall be limited to the Affected Areas. Tenant shall, at its expense, replace or fully repair all of Tenant's personal property and any Alterations installed by Tenant existing at the time of such damage or destruction. If Affected Areas are to be repaired, reconstructed or restored in accordance with the foregoing, Landlord shall make available to Tenant any portion of insurance proceeds it receives that are allocable to the Alterations constructed by Tenant pursuant to this Lease; provided Tenant is not then in default under this Lease, and subject to the requirements of any Lender of Landlord.

25. Eminent Domain.

25.1. In the event (a) the whole of all Affected Areas or (b) such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises for the Permitted Use shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority, except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

25.2. In the event of a partial taking of (a) the Building or the Project or (b) drives, walkways or parking areas serving the

Building or the Project for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease (except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof) as of such taking if such taking is, in Landlord's sole opinion, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting office or laboratory space.

25.3. Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense and (b) the costs of Tenant moving to a new location. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

25.4. If, upon any taking of the nature described in this Article, this Lease continues in effect, then Landlord shall promptly proceed to restore the Affected Areas to substantially their same condition prior to such partial taking. To the extent such restoration is infeasible, as determined by Landlord in its sole and absolute discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant.

26. Surrender.

26.1. In the event that the Premises (or any portion thereof) has been used for any purpose other than the Permitted Use (as such term is defined as of the Execution Date), at least ten (10) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with (a) if requested by Landlord, a facility decommissioning and Hazardous Materials closure plan for the Premises ("Exit Survey") prepared by an independent third party



reasonably acceptable to Landlord, (b) written evidence of all appropriate governmental releases obtained by Tenant in accordance with Applicable Laws, including laws pertaining to the surrender of the Premises, and (c) if requested by Landlord, proof that the Premises have been decommissioned in accordance with American National Standards Institute ("ANSI") Publication Z9.11-2008 (entitled "Laboratory Decommissioning") or any successor standards published by ANSI or any successor organization (or, if ANSI and its successors no longer exist, a similar entity publishing similar standards). In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey (or if an Exit Survey is not required by Landlord, any recognized environmental conditions that Tenant is responsible for pursuant to the terms of this Lease) and compliance with any recommendations set forth in the Exit Survey (or if an Exit Survey is not required by Landlord, any recognized environmental conditions that Tenant is responsible for pursuant to the terms of this Lease). Tenant's obligations under this Section shall survive the expiration or earlier termination of the Lease.

26.2. No surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

26.3. The voluntary or other surrender of this Lease by Tenant shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building, the Property or the Project, unless Landlord consents in writing, and shall, at Landlord's option, operate as an assignment to Landlord of any or all subleases.

26.4. The voluntary or other surrender of any ground or other underlying lease that now exists or may hereafter be executed affecting the Building or the Project, or a mutual cancellation thereof or of Landlord's interest therein by Landlord and its lessor shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building or the Property and shall, at the option of the successor to Landlord's interest in the Building or the Project, as applicable, operate as an assignment of this Lease.

27. Holding Over.

27.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month to month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent in accordance with Article 7 and (b) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect, including payments for Tenant's Share of Operating Expenses. Any such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

27.2. Notwithstanding the foregoing, if Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without Landlord's prior written consent, (a) Tenant shall become a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly rent shall be equal to one hundred fifty percent (150%) of the Rent in effect during the last thirty (30) days of the Term, and (b) Tenant shall be liable to Landlord for any and all damages suffered by Landlord as a result of such holdover, including any lost rent or consequential, special and indirect damages.



27.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease.

27.4. The foregoing provisions of this Article are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws.

28. Indemnification and Exculpation.

28.1. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims arising from injury or death to any person or damage to any property occurring within or about the Premises, the Building, the Property or the Project arising directly or indirectly out of a Tenant Party's use or occupancy of the Premises or a breach or default by Tenant in the performance of any of its obligations hereunder, except to the extent caused by the negligence or willful misconduct of Landlord or it agents, affiliates, employees or contractors (collectively with Landlord, each a "Landlord Party").

28.2. Notwithstanding anything in this Lease to the contrary, Landlord shall not be liable to Tenant for and Tenant assumes all risk of (a) damage or losses caused by fire, electrical malfunction, gas explosion or water damage of any type (including broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of lines), unless any such loss is due to Landlord's willful disregard of written notice by Tenant of need for a repair that Landlord is responsible to make for an unreasonable period of time or the gross negligence or willful misconduct of a Landlord Party, and (b) damage to personal property or scientific research, including loss of records kept by Tenant within the Premises. Tenant further waives any claim for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section. Notwithstanding anything in the foregoing or this Lease to the contrary, except (x) as otherwise provided herein, (y) as may be provided by Applicable Laws or (z) in the event of Tenant's breach of Article 21 or Section 26.1, in no event shall Landlord or Tenant be liable to the other for any consequential, special or indirect damages arising out of this Lease.

28.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any other tenant in the Building or the Project, or of any other third party (except any Landlord Parties, as specified in this Article).

28.4. Tenant acknowledges that security devices and services, if any, while intended to deter crime, may not in given instances prevent theft or other criminal acts. Landlord shall not be liable for injuries or losses caused by criminal acts of third parties, and Tenant assumes the risk that any security device or service may malfunction or otherwise be circumvented by a criminal. If Tenant desires protection against such criminal acts, then Tenant shall, at Tenant's sole cost and expense, obtain appropriate insurance coverage.

28.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.



29. Assignment or Subletting.

29.1. Except as hereinafter expressly permitted, Tenant shall not, either voluntarily or by operation of Applicable Laws, directly or indirectly sell, hypothecate, assign, pledge, encumber or otherwise transfer this Lease, or sublet the Premises (each, a "Transfer"), without Landlord's prior written consent. Notwithstanding the foregoing, Tenant shall have the right to Transfer without Landlord's prior written consent the Premises or any part thereof to any person that as of the date of determination and at all times thereafter directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Tenant ("Tenant's Affiliate"), provided that Tenant shall notify Landlord in writing at least ten (10) days prior to the effectiveness of such Transfer to Tenant's Affiliate (an "Exempt Transfer") and otherwise comply with the requirements of this Lease regarding such Transfer; and provided, further, that the person that will be the tenant under this Lease after the Exempt Transfer has a net worth (as of both the day immediately prior and the day immediately after the Exempt Transfer) that is equal to or greater than the net worth (as of both the Execution Date and the date of the Exempt Transfer) of the transferring Tenant. For purposes of Exempt Transfers, "control" requires both (a) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person and (b) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person. In no event shall Tenant perform a Transfer to or with an entity that is a tenant at the Project or that is in discussions or negotiations with Landlord or an affiliate of Landlord to lease premises at the Project or a property owned by Landlord or an affiliate of Landlord.

29.2. In the event Tenant desires to effect a Transfer (other than an Exempt Transfer), then, at least fifteen (15) but not more than ninety (90) days prior to the date when Tenant desires the assignment or sublease to be effective (the "Transfer Date"), Tenant shall provide written notice to Landlord (the "Transfer Notice") containing information (including references) concerning the character of the proposed transferee, assignee or sublessee; the Transfer Date; any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require.

29.3. Landlord, in determining whether consent should be given to a proposed Transfer, may give consideration to (a) the financial strength of such transferee, assignee or sublessee (notwithstanding Tenant remaining liable for Tenant's performance), (b) any change in use that such transferee, assignee or sublessee proposes to make in the use of the Premises and (c) Landlord's desire to exercise its rights under Section 29.8 to cancel this Lease. In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer to a transferee, assignee or sublessee of poor reputation, lacking financial qualifications or seeking a change in the Permitted Use, or jeopardizing directly or indirectly the status of Landlord or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986 (as the same may be amended from time to time, the "Revenue Code"). Notwithstanding anything contained in this Lease to the contrary, (w) no Transfer shall be consummated on any basis such that the rental or other amounts to be paid by the occupant, assignee, manager or other transferee thereunder would be based, in whole or in part, on the income or profits derived by the business activities of such occupant, assignee, manager or other transferee; (x) Tenant shall not furnish or render any

services to an occupant, assignee, manager or other transferee with respect to whom transfer consideration is required to be paid, or manage or operate the Premises or any capital additions so transferred, with respect to which transfer consideration is being paid; (y) Tenant shall not consummate a Transfer with any person in which Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Revenue Code); and (z) Tenant shall not consummate a Transfer with any person or in any manner that could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease, license or other arrangement for the right to use, occupy or possess any portion of the Premises to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Revenue Code, or any similar or successor provision thereto or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Revenue Code.

29.4. The following are conditions precedent to a Transfer or to Landlord considering a request by Tenant to a Transfer:

(a) Tenant shall remain fully liable under this Lease during the unexpired Term;

(b) Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the value of Landlord's interest under this Lease shall not be diminished or reduced by the proposed Transfer. Such evidence shall include evidence respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

(c) Tenant shall reimburse Landlord for Landlord's actual costs and expenses, including reasonable attorneys' fees, charges and disbursements incurred in connection with the review, processing and documentation of such request;

(d) If Tenant's transfer of rights or sharing of the Premises provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including a premium rental for a sublease or lump sum payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay fifty percent (50%) of all of such excess to Landlord, after making deductions for any reasonable marketing expenses, tenant improvement funds expended by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent actually paid by Tenant. If such consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

(e) The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in default under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;



(f) Landlord's consent to any such Transfer shall be effected on Landlord's forms;

(g) Tenant shall not then be in default hereunder in any respect;

(h) Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

(i) Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same;

(j) Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;

(k) Landlord's consent (or waiver of its rights) for any Transfer shall not waive Landlord's right to consent to any later Transfer;

(l) Tenant shall deliver to Landlord one executed copy of any and all written instruments evidencing or relating to the Transfer; and

(m) A list of Hazardous Materials (as defined in Section 21.7), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 21.2.

29.5. Any Transfer that is not in compliance with the provisions of this Article shall be void and shall, at the option of Landlord, terminate this Lease.

29.6. The consent by Landlord to a Transfer shall not relieve Tenant or proposed transferee, assignee or sublessee from obtaining Landlord's consent to any further Transfer, nor shall it release Tenant or any proposed transferee, assignee or sublessee of Tenant from full and primary liability under this Lease.

29.7. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other

sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

29.8. If Tenant delivers to Landlord a Transfer Notice indicating a desire to transfer this Lease to a proposed transferee, assignee or sublessee other than as provided within Section 29.4, then Landlord shall have the option, exercisable by giving notice to Tenant at any time within ten (10) days after Landlord's receipt of such Transfer Notice, to terminate this Lease as of the date specified in the Transfer Notice as the Transfer Date, except for those provisions that, by their express terms, survive the expiration or earlier termination hereof. If Landlord exercises such



option, then Tenant shall have the right to withdraw such Transfer Notice by delivering to Landlord written notice of such election within five (5) days after Landlord's delivery of notice electing to exercise Landlord's option to terminate this Lease. In the event Tenant withdraws the Transfer Notice as provided in this Section, this Lease shall continue in full force and effect. No failure of Landlord to exercise its option to terminate this Lease shall be deemed to be Landlord's consent to a proposed Transfer.

29.9. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee and attorney-in-fact for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

30. Subordination and Attornment.

30.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Building or the Project and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination.

30.2. Notwithstanding the foregoing, conditioned upon Tenant's receipt of a commercially reasonable non-disturbance agreement, Tenant shall execute and deliver upon demand such further instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord. If any such mortgagee, beneficiary or landlord under a lease wherein Landlord is tenant (each, a "Mortgagee") so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. If Tenant fails to execute any document required from Tenant under this Section within ten (10) days after written request therefor, Tenant hereby constitutes and appoints Landlord or its special attorney-in-fact to execute and deliver any such document or documents in the name of Tenant. Such power is coupled with an interest and is irrevocable.

30.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if required by a mortgagee or beneficiary of a deed of trust encumbering real property of which the Premises constitute a part incident to the financing of the real property of which the Premises constitute a part.

30.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall at the election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.



31. Defaults and Remedies.

31.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within three (3) days after the date such payment is due, Tenant shall pay to Landlord (a) an additional sum of six percent (6%) of the overdue Rent as a late charge (provided that no late charge shall be payable with respect to the first (1st) late payment in any twelve (12) month period during the Term) plus (b) interest at an annual rate (the "Default Rate") equal to the lesser of (a) twelve percent (12%) and (b) the highest rate permitted by Applicable Laws. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant and shall be payable as Additional Rent to Landlord due with the next installment of Rent or within five (5) business days after Landlord's demand, whichever is earlier. Landlord's acceptance of any Additional Rent (including a late charge or any other amount hereunder) shall not be deemed an extension of the date that Rent is due or prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity.

31.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any

check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law. If a dispute shall arise as to any amount or sum of money to be paid by Tenant to Landlord hereunder, Tenant shall have the right to make payment "under protest," such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of Tenant to institute suit for recovery of the payment paid under protest.

31.3. If Tenant fails to pay any sum of money required to be paid by it hereunder or perform any other act on its part to be performed hereunder, in each case within the applicable cure period (if any) described in Section 31.4, then Landlord may (but shall not be obligated to), without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform such act; provided that such failure by Tenant unreasonably interfered with the use of the Building or the Project by any other tenant or with the efficient operation of the Building or the Project, or resulted or could have resulted in a violation of Applicable Laws or the cancellation of an insurance policy maintained by Landlord. Notwithstanding the foregoing, in the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this Lease. In addition to the late charge described in Section 31.1, Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest at the Default Rate, computed from the date such sums were paid or incurred.

31.4. The occurrence of any one or more of the following events shall constitute a "Default" hereunder by Tenant:

(a) Tenant abandons the Premises;



(b) Tenant fails to make any payment of Rent, as and when due, or to satisfy its obligations under Article 19, where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant;

(c) Tenant fails to observe or perform any obligation or covenant contained herein (other than described in Subsections 31.4(a) and 31.4(b)) to be performed by Tenant, where such failure continues for a period of ten (10) days after written notice thereof from Landlord to Tenant; provided that, if the nature of Tenant's default is such that it reasonably requires more than ten (10) days to cure, Tenant shall not be deemed to be in Default if Tenant commences such cure within such ten (10) day period and thereafter diligently prosecute the same to completion; and provided, further, that such cure is completed no later than sixty (60) days after Tenant's receipt of written notice from Landlord;

(d) Tenant makes an assignment for the benefit of creditors;

(e) A receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant's assets;

(f) Tenant files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the "Bankruptcy Code") or an order for relief is entered against Tenant pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

(g) Any involuntary petition is filed against Tenant under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

(h) Tenant fails to deliver an estoppel certificate in accordance with Article 20; or

(i) Tenant's interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action.

Notices given under this Section shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice.

31.5. In the event of a Default by Tenant, and at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have, Landlord has the right to do any or all of the following:

(a) Halt any Alterations and order Tenant's contractors, subcontractors, consultants, designers and material suppliers to stop work;

(b) Terminate Tenant's right to possession of the Premises by written notice to Tenant or by any lawful means, in which case Tenant shall immediately surrender possession of



the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby; and

(c) Terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby. In the event that Landlord shall elect to so terminate this Lease, then Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including:

(i) The sum of:

A. The worth at the time of award of any unpaid Rent that had accrued at the time of such termination; plus

B. The worth at the time of award of the amount by which the unpaid Rent that would have accrued during the period commencing with termination of the Lease and ending at the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus

C. The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus

D. Any other amount necessary to compensate Landlord for all the detriment caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including the cost of restoring the Premises to the condition required under the terms of this Lease, including any rent payments not otherwise chargeable to Tenant (e.g., during any "free" rent period or rent holiday); plus

E. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws; or

(ii) As Landlord's election, as minimum liquidated damages in addition to amounts paid or payable to Landlord pursuant to this Section 31.5(c) prior to such election, an amount (the "Election Amount") equal to either (A) the positive difference (if any, and measured at the time of such termination) between (1) the then-present value of the total Rent and other benefits that would have accrued to Landlord under this Lease for the remainder of the Term if Tenant had fully complied with the Lease minus (2) the then-present cash rental value of the Premises as determined by Landlord for what would be the then-unexpired Term if the Lease



remained in effect, computed using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percentage point (the "Discount Rate") or (B) twelve (12) months (or such lesser number of months as may then be remaining in the Term) of Base Rent and Additional Rent at the rate last payable by Tenant pursuant to this Lease, in either case as Landlord specifies in such election. Landlord and Tenant agree that the Election Amount represents a reasonable forecast of the minimum damages expected to occur in the event of a breach, taking into account the uncertainty, time and cost of determining elements relevant to actual damages, such as fair market rent, time and costs that may be required to re-lease the Premises, and other factors; and that the Election Amount is not a penalty.

As used in Subsections 31.5(c)(i)(A) and (B), "worth at the time of award" shall be computed by allowing interest at the Default Rate. As used in Subsection 31.5(c)(i)(C), the "worth at the time of the award" shall be computed by taking the present value of such amount, using the Discount Rate.

31.6. In addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4 and may continue this Lease in effect after Tenant's Default and abandonment and recover Rent as it becomes due, provided Tenant has the right to sublet or assign, subject only to reasonable limitations. In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises:

(a) Acts of maintenance or preservation or efforts to relet the Premises, including alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or

(b) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

31.7. If Landlord does not elect to terminate this Lease as provided in Section 31.5, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

31.8. In the event Landlord elects to terminate this Lease and relet the Premises, Landlord may execute any new lease in its own name. Tenant hereunder shall have no right or authority whatsoever to collect any Rent from such tenant. The proceeds of any such reletting shall be applied as follows:

(a) First, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord, including storage charges or brokerage commissions owing from Tenant to Landlord as the result of such reletting;



(b) Second, to the payment of the costs and expenses of reletting the Premises, including (i) alterations and repairs that Landlord deems reasonably necessary and advisable and (ii) reasonable attorneys' fees, charges and disbursements incurred by Landlord in connection with the retaking of the Premises and such reletting;

(c) Third, to the payment of Rent and other charges due and unpaid hereunder; and

(d) Fourth, to the payment of future Rent and other damages payable by Tenant under this Lease.

31.9. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Landlord shall have the right to pursue any one or all of such remedies, or any other remedy or relief that may be provided by Applicable Laws, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any Rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in such waiver. Notwithstanding any provision of this Lease to the contrary, in no event shall Landlord be required to mitigate its damages with respect to any default by Tenant. Any obligation imposed by Applicable Law upon Landlord to relet the Premises after any termination of this Lease shall be subject to the reasonable requirements of Landlord to (a) lease to high quality tenants on such terms as Landlord may from time to time deem appropriate in its discretion and (b) develop the Project in a harmonious manner with a mix of uses, tenants, floor areas, terms of tenancies, etc., as determined by Landlord. Landlord shall not be obligated to relet the Premises to any party to whom Landlord or an affiliate of Landlord may desire to lease other available space in the Project or at another property owned by Landlord or an affiliate of Landlord.

31.10. Landlord's termination of (a) this Lease or (b) Tenant's right to possession of the Premises shall not relieve Tenant of any liability to Landlord that has previously accrued or that shall arise based upon events that occurred prior to the later to occur of (i) the date of Lease termination or (ii) the date Tenant surrenders possession of the Premises.

31.11. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

31.12. Landlord shall not be in default or liable for damages under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event shall such failure continue for more than thirty (30) days after written notice from Tenant specifying the nature of Landlord's failure; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant have the right to terminate or cancel this Lease or to withhold or abate rent or to set off any Claims against Rent as



a result of any default or breach by Landlord of any of its covenants, obligations, representations, warranties or promises hereunder, except as may otherwise be expressly set forth in this Lease.

31.13. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises, the Building or the Project and to any landlord of any lease of land upon or within which the Premises, the Building or the Project is located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Building or the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

32. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion:

32.1. Those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of "adequate assurance," even if this Lease does not concern a shopping center or other facility described in such Applicable Laws;

32.2. A prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease;

32.3. A cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or

32.4. The assumption or assignment of all of Tenant's interest and obligations under this Lease.

33. Brokers.

33.1. Tenant represents and warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease other than Colliers International ("Broker"), and that it knows of no other real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord shall compensate Broker in relation to this Lease pursuant to a separate agreement between Landlord and Broker.

33.2. Tenant represents and warrants that no broker or agent has made any representation or warranty relied upon by Tenant in Tenant's decision to enter into this Lease, other than as contained in this Lease.

33.3. Tenant acknowledges and agrees that the employment of brokers by Landlord is for the purpose of solicitation of offers of leases from prospective tenants and that no authority is



granted to any broker to furnish any representation (written or oral) or warranty from Landlord unless expressly contained within this Lease. Landlord is executing this Lease in reliance upon Tenant's representations, warranties and agreements contained within Sections 33.1 and 33.2.

33.4. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from any and all cost or liability for compensation claimed by any broker or agent, other than Broker, employed or engaged by Tenant or claiming to have been employed or engaged by Tenant.

33.5. Landlord agrees to indemnify, save, defend (at Tenant's option and with counsel reasonably acceptable to Tenant) and hold Tenant and its affiliates, employees, agents and contractors harmless from any and all cost or liability for compensation claimed by any broker or agent, other than Broker, employed or engaged by Landlord or claiming to have been employed or engaged by Landlord.

34. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term "Landlord," as used in this Lease, shall refer only to Landlord or Landlord's then-current successor-in-interest. In the event of any transfer, assignment or conveyance of Landlord's interest in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, and the assumption of Landlord's obligation under this Lease by the transferee, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease thereafter to be performed by Landlord. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant's consent.

35. Limitation of Landlord's Liability.

35.1. If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Building and the Project, (b) rent or other income from such real property receivable by Landlord or (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord's right, title or interest in the Building or the Project.

35.2. Landlord shall not be personally liable for any deficiency under this Lease. If Landlord is a partnership or joint venture, then the partners of such partnership shall not be personally liable for Landlord's obligations under this Lease, and no partner of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any partner of Landlord except as may be necessary to secure jurisdiction of the partnership or joint venture. If Landlord is a corporation, then the shareholders, directors, officers, employees and agents of such corporation shall not be personally liable for Landlord's obligations under this Lease, and no shareholder, director, officer, employee or agent of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any shareholder, director, officer, employee or agent of Landlord. If Landlord is a limited liability company, then the members of such limited liability company shall not be personally liable for Landlord's



obligations under this Lease, and no member of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any member of Landlord except as may be necessary to secure jurisdiction of the limited liability company. No partner, shareholder, director, employee, member or agent of Landlord shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, employee, member or agent of Landlord.

35.3. Each of the covenants and agreements of this Article shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

36. Joint and Several Obligations. If more than one person or entity executes this Lease as Tenant, then:

36.1. Each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant; and

36.2. The term "Tenant," as used in this Lease shall mean and include each of them, jointly and severally. The act of, notice from, notice to, refund to, or signature of any one or more of them with respect to the tenancy under this Lease, including any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such notice or refund, or so signed.

37. Representations. Tenant guarantees, warrants and represents that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Property is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so and (e) neither (i) the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which Tenant is constituted or to which Tenant is a party. In addition, Tenant guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

38. Confidentiality. Tenant shall keep the terms and conditions of this Lease and any information provided to Tenant or its employees, agents or contractors pursuant to Article 9 confidential and shall not (a) disclose to any third party any terms or conditions of this Lease or



any other Lease-related document (including subleases, assignments, work letters, construction contracts, letters of credit, subordination agreements, non-disturbance agreements, brokerage agreements or estoppels) or (b) provide to any third party an original or copy of this Lease (or any Lease-related document). Landlord shall not release to any third party any non-public financial information or non-public information about Tenant's ownership structure that Tenant gives Landlord. Notwithstanding the foregoing, confidential information under this Section may be released by Landlord or Tenant under the following circumstances: (x) if required by Applicable Laws or in any judicial proceeding; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (y) to a party's attorneys, accountants, brokers and other bona fide consultants, advisers, lenders or investors (with respect to this Lease only); provided such third parties agree to be bound by this Section or (z) to bona fide prospective lenders, investors, acquirers of Tenant and assignees or subtenants of this Lease; provided they agree in writing to be bound by this Section.

39. Notices. Any notice, consent, demand, bill, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by personal delivery, overnight delivery with a reputable nationwide overnight delivery service, or certified mail (return receipt requested), and if given by personal delivery, shall be deemed delivered upon receipt; if given by overnight delivery, shall be deemed delivered one (1) day after deposit with a reputable nationwide overnight delivery service; and, if given by certified mail (return receipt requested), shall be deemed delivered three (3) business days after the time the notifying party deposits the notice with the United States Postal Service. Any notices given pursuant to this Lease shall be addressed to Tenant at the Premises, or to Landlord or Tenant at the addresses shown in Sections 2.9 and 2.10, respectively. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

40. Rooftop Installation Area.

40.1. Tenant may use a portion of the Building's rooftop designated by Landlord in Landlord's sole and absolute discretion (the "Rooftop Installation Area") solely to operate, maintain, repair and replace rooftop antennae, mechanical equipment, communications antennas and other equipment installed by Tenant in the Rooftop Installation Area in accordance with this Article ("Tenant's Rooftop Equipment"). Tenant's Rooftop Equipment shall be only for Tenant's use of the Premises for the Permitted Use.

40.2. Tenant shall install Tenant's Rooftop Equipment at its sole cost and expense, at such times and in such manner as Landlord may reasonably designate, and in accordance with this Article and the applicable provisions of this Lease regarding Alterations. Tenant's Rooftop Equipment and the installation thereof shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld. Among other reasons, Landlord may withhold approval if the installation or operation of Tenant's Rooftop Equipment could reasonably be expected to damage the structural integrity of the Building or to transmit vibrations or noise or cause other adverse effects beyond the Premises to an extent not customary in first class buildings comparable to the Building, unless Tenant implements measures that are acceptable to Landlord in its reasonable discretion to avoid any such damage or transmission.



40.3. Tenant shall comply with any roof or roof-related warranties. Tenant shall obtain a letter from Landlord's roofing contractor within thirty (30) days after completion of any Tenant work on the rooftop stating that such work did not affect any such

warranties. Tenant, at its sole cost and expense, shall inspect the Rooftop Installation Area at least annually, and correct any loose bolts, fittings or other appurtenances and repair any damage to the roof caused by the installation or operation of Tenant's Rooftop Equipment. Tenant shall not permit the installation, maintenance or operation of Tenant's Rooftop Equipment to violate any Applicable Laws or constitute a nuisance. Tenant shall pay Landlord within thirty (30) days after demand (a) all applicable taxes, charges, fees or impositions imposed on Landlord by Governmental Authorities as the result of Tenant's use of the Rooftop Installation Areas in excess of those for which Landlord would otherwise be responsible for the use or installation of Tenant's Rooftop Equipment and (b) the amount of any increase in Landlord's insurance premiums as a result of the installation of Tenant's Rooftop Equipment. Upon Tenant's written request to Landlord, Landlord shall use commercially reasonable efforts to cause other tenants to remedy any interference in the operation of Tenant's Rooftop Equipment caused by any such tenants' equipment installed after the applicable piece of Tenant's Rooftop Equipment; provided, however, that Landlord shall not be required to request that such tenants waive their rights under their respective leases.

40.4. If Tenant's Equipment (a) causes physical damage to the structural integrity of the Building, (b) interferes with any telecommunications, mechanical or other systems located at or near or servicing the Building or the Project that were installed prior to the installation of Tenant's Rooftop Equipment, (c) interferes with any other service provided to other tenants in the Building or the Project by rooftop or penthouse installations that were installed prior to the installation of Tenant's Rooftop Equipment or (d) interferes with any other tenants' business, in each case in excess of that permissible under Federal Communications Commission regulations, then Tenant shall cooperate with Landlord to determine the source of the damage or interference and promptly repair such damage and eliminate such interference, in each case at Tenant's sole cost and expense, within ten (10) days after receipt of notice of such damage or interference (which notice may be oral; provided that Landlord also delivers to Tenant written notice of such damage or interference within twenty-four (24) hours after providing oral notice).

40.5. Landlord reserves the right to cause Tenant to relocate Tenant's Rooftop Equipment to comparably functional space on the roof or in the penthouse of the Building by giving Tenant prior written notice thereof. Landlord agrees to pay the reasonable costs thereof. Tenant shall arrange for the relocation of Tenant's Rooftop Equipment within thirty (30) days after receipt of Landlord's notification of such relocation. In the event Tenant fails to arrange for relocation within such thirty (30)-day period, Landlord shall have the right to arrange for the relocation of Tenant's Rooftop Equipment in a manner that does not unnecessarily interrupt or interfere with Tenant's use of the Premises for the Permitted Use.

41. Miscellaneous.

41.1. Landlord reserves the right to change the name of the Building or the Project in its sole discretion.

41.2. To induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish to Landlord, from time to time, upon Landlord's written request, the most recent year-end



financial statements reflecting Tenant's current financial condition audited by a nationally recognized accounting firm. Tenant shall, within one hundred twenty (120) days after the end of Tenant's financial year, furnish Landlord with a certified copy of Tenant's year-end financial statements for the previous year audited by a nationally recognized accounting firm. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects. If audited financials are not otherwise prepared or unavailable within one hundred twenty (120) days after the year of Tenant's financial year, unaudited financials complying with generally accepted accounting principles and certified by the chief financial officer (or its equivalent for Tenant), of Tenant as true, correct and complete in all respects shall suffice for purposes of this Section, and the audited financials shall be provided to Landlord as soon as available.

41.3. Where applicable in this Lease, the singular includes the plural and the masculine or neuter includes the masculine, feminine and neuter. The words "include," "includes," "included" and "including" shall mean "'include,' etc., without limitation." The section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

41.4. If either party commences an action against the other party arising out of or in connection with this Lease, then the substantially prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred by the substantially prevailing party in such action or proceeding and in any appeal in connection therewith.

41.5. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

41.6. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

41.7. Notwithstanding anything to the contrary contained in this Lease, Tenant's obligations under this Lease are independent and shall not be conditioned upon performance by Landlord.

41.8. Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval, except as may be expressly set forth to the contrary.

41.9. The terms of this Lease are intended by the parties as a final expression of their agreement with respect to the terms as are included herein, and may not be contradicted by evidence of any prior or contemporaneous agreement.

41.10. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.



41.11. Landlord may, but shall not be obligated to, record a short form or memorandum hereof without Tenant's consent, at Landlord's sole cost and expense. Within ten (10) days after receipt of written request from Landlord, Tenant shall execute a termination of any short form or memorandum of lease recorded with respect hereto. Neither party shall record this Lease.

41.12. The language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

41.13. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs; legatees; devisees; executors; administrators; and permitted successors, assigns, sublessees. Nothing in this Section shall in any way alter the provisions of this Lease restricting assignment or subletting.

41.14. This Lease shall be governed by, construed and enforced in accordance with the laws of the state in which the Premises are located, without regard to such state's conflict of law principles.

41.15. Tenant guarantees, warrants and represents that the individual or individuals signing this Lease have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

41.16. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

41.17. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant. The waiver by Landlord of any breach by Tenant of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained.

41.18. To the extent permitted by Applicable Laws, the parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising out of or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

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IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD:

BMR-PACIFIC RESEARCH CENTER LP,
a Delaware limited partnership

By: /s/ Robert Sistek
Name: Robert Sistek
Title: Vice President

TENANT:

SHOTSPOTTER, INC.,
a Delaware corporation, d/b/a SST, INC.

By: /s/ Sonya Strickler
Name: Sonya Strickler
Title: VP Finance & Controller

**EXHIBIT A**

**PREMISES**

A-1

**EXHIBIT B**

[Intentionally omitted]

B-1

**EXHIBIT C**

**ACKNOWLEDGEMENT OF TERM COMMENCEMENT DATE**

**AND TERM EXPIRATION DATE**

THIS ACKNOWLEDGEMENT OF TERM COMMENCEMENT DATE AND TERM EXPIRATION DATE is entered into as of [ ], 20[ ], with reference to that certain Lease (the "Lease") dated as of [ ], 20[ ], by SHOTSPOTTER, INC., a Delaware corporation, d/b/a SST, INC. ("Tenant"), in favor of BMR-PACIFIC RESEARCH CENTER LP, a Delaware limited partnership ("Landlord"). All capitalized terms used herein without definition shall have the meanings ascribed to them in the Lease.

Tenant hereby confirms the following:

1. [Tenant accepted possession of the Premises for use in accordance with the Permitted Use on [ ], 20[ ]. Tenant first occupied the Premises for the Permitted Use on [ ], 20[ ].]

2. The Premises are in good order, condition and repair.

3. The Tenant Improvements are Substantially Complete.

4. All conditions of the Lease to be performed by Landlord as a condition to the full effectiveness of the Lease have been satisfied, and Landlord has fulfilled all of its duties in the nature of inducements offered to Tenant to lease the Premises.

5. In accordance with the provisions of Article 4 of the Lease, the Term Commencement Date is [ ], 20[ ], and, unless the Lease is terminated prior to the Term Expiration Date pursuant to its terms, the Term Expiration Date shall be [ ], 20[ ].

6. The Lease is in full force and effect, and the same represents the entire agreement between Landlord and Tenant concerning the Premises[, except [ ]].

7. Tenant has no existing defenses against the enforcement of the Lease by Landlord, and there exist no offsets or credits against Rent owed or to be owed by Tenant.

8. The obligation to pay Rent is presently in effect and all Rent obligations on the part of Tenant under the Lease commenced to accrue on [ ], 20[ ], with Base Rent payable on the dates and amounts set forth in the chart below:

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| Dates | Approximate Square Feet of Rentable Area | Base Rent per Square Foot of Rentable Area | Monthly Base Rent | Annual Base Rent |
|---|---|---|---|---|
| 9/15/12 – 10/31/12 | 12,020 | $ 0.00 monthly | $ 0.00 | N/A |
| 11/1/12 – 9/14/13 | 12,020 | $ 1.35 monthly | $ 16,227.00 | $ 194,724.00 |
| 9/15/13 – 9/14/14 | 12,020 | $ 1.45 monthly | $ 17,429.00 | $ 209,148.00 |
| 9/15/14 – 9/14/15 | 12,020 | $ 1.55 monthly | $ 18,631.00 | $ 223,572.00 |
| 9/15/15 – 10/31/15 | 12,020 | $ 1.65 monthly | $ 19,833.00 | $ 237,996.00 |

9. The undersigned Tenant has not made any prior assignment, transfer, hypothecation or pledge of the Lease or of the rents thereunder or sublease of the Premises or any portion thereof.

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IN WITNESS WHEREOF, Tenant has executed this Acknowledgment of Term Commencement Date and Term Expiration Date

as of the date first written above.

TENANT:

SHOTSPOTTER, INC.,
a Delaware corporation, d/b/a SST, INC.

By: _____
Name: _____
Title: _____



**EXHIBIT D**

[Intentionally omitted]



**EXHIBIT E**

**FORM OF LETTER OF CREDIT**

[On letterhead or L/C letterhead of Issuer.]

**LETTER OF CREDIT**

Date: , 2012

(the "Beneficiary")

Attention:
L/C. No.:
Loan No. :

Ladies and Gentlemen:

We establish in favor of Beneficiary our irrevocable and unconditional Letter of Credit numbered as identified above (the "L/C") for an aggregate amount of $ , expiring at :00 p.m. on or, if such day is not a Banking Day, then the next succeeding Banking Day (such date, as extended from time to time, the "Expiry Date"). "Banking Day" means a weekday except a weekday when commercial banks in are authorized or required to close.

We authorize Beneficiary to draw on us (the "Issuer") for the account of (the "Account Party"), under the terms and conditions of this L/C.

Funds under this L/C are available by presenting the following documentation (the "Drawing Documentation"): (a) the original L/C and (b) a sight draft substantially in the form of Attachment 1, with blanks filled in and bracketed items provided as appropriate. No other evidence of authority, certificate, or documentation is required.

Drawing Documentation must be presented at Issuer's office at on or before the Expiry Date by personal presentation, courier or messenger service, or fax. Presentation by fax shall be effective upon electronic confirmation of transmission as evidenced by a printed report from the sender's fax machine. After any fax presentation, but not as a condition to its effectiveness, Beneficiary shall with reasonable promptness deliver the original Drawing Documentation by any other means. Issuer will on request issue a receipt for Drawing Documentation.

We agree, irrevocably, and irrespective of any claim by any other person, to honor drafts drawn under and in conformity with this L/C, within the maximum amount of this L/C, presented to us on or before the Expiry Date, provided we also receive (on or before the Expiry Date) any other Drawing Documentation this L/C requires.



We shall pay this L/C only from our own funds by check or wire transfer, in compliance with the Drawing Documentation.

If Beneficiary presents proper Drawing Documentation to us on or before the Expiry Date, then we shall pay under this L/C at or before the following time (the "Payment Deadline"): (a) if presentment is made at or before noon of any Banking Day, then the close of such Banking Day; and (b) otherwise, the close of the next Banking Day. We waive any right to delay payment beyond the Payment Deadline. If we determine that Drawing Documentation is not proper, then we shall so advise Beneficiary in writing, specifying all grounds for our determination, within one Banking Day after the Payment Deadline.

Partial drawings are permitted. This L/C shall, except to the extent reduced thereby, survive any partial drawings.

We shall have no duty or right to inquire into the validity of or basis for any draw under this L/C or any Drawing Documentation. We waive any defense based on fraud or any claim of fraud.

The Expiry Date shall automatically be extended by one year (but never beyond (the "Outside Date")) unless, on or before the date 90 days before any Expiry Date, we have given Beneficiary notice that the Expiry Date shall not be so extended (a "Nonrenewal Notice"). We shall promptly upon request confirm any extension of the Expiry Date under the preceding sentence by issuing an amendment to this L/C, but such an amendment is not required for the extension to be effective. We need not give any notice of the Outside Date.

Beneficiary may from time to time without charge transfer this L/C, in whole but not in part, to any transferee (the "Transferee"). Issuer shall look solely to Account Party for payment of any fee for any transfer of this L/C. Such payment is not a condition to any such transfer. Beneficiary or Transferee shall consummate such transfer by delivering to Issuer the original of this L/C and a Transfer Notice substantially in the form of Attachment 2, purportedly signed by Beneficiary, and designating Transferee. Issuer shall promptly reissue or amend this L/C in favor of Transferee as Beneficiary. Upon any transfer, all references to Beneficiary shall automatically refer to Transferee, who may then exercise all rights of Beneficiary. Issuer expressly consents to any transfers made from time to time in compliance with this paragraph.

Any notice to Beneficiary shall be in writing and delivered by hand with receipt acknowledged or by overnight delivery service such as FedEx (with proof of delivery) at the above address, or such other address as Beneficiary may specify by written notice to Issuer. A copy of any such notice shall also be delivered, as a condition to the effectiveness of such notice, to: (or such replacement as Beneficiary designates from time to time by written notice).

No amendment that adversely affects Beneficiary shall be effective without Beneficiary's written consent.

This L/C is subject to and incorporates by reference: (a) the International Standby Practices 98 ("ISP 98"); and (b) to the extent not inconsistent with ISP 98, Article 5 of the Uniform Commercial Code of the State of New York.

Very truly yours,

[Issuer Signature]



**ATTACHMENT 1 TO EXHIBIT E**

FORM OF SIGHT DRAFT

[BENEFICIARY LETTERHEAD]

TO:

[Name and Address of Issuer]

**SIGHT DRAFT**

AT SIGHT, pay to the Order of , the sum of United States Dollars ($ ). Drawn under [Issuer] Letter of Credit No. dated .

[Issuer is hereby directed to pay the proceeds of this Sight Draft solely to the following account: .]

[Name and signature block, with signature or purported signature of Beneficiary]

Date: _____



**ATTACHMENT 2 TO EXHIBIT E**

FORM OF TRANSFER NOTICE

[BENEFICIARY LETTERHEAD]

**TO:**

[Name and Address of Issuer] (the "Issuer")

**TRANSFER NOTICE**

By signing below, the undersigned, Beneficiary (the "Beneficiary") under Issuer's Letter of Credit No. dated (the "L/C"), transfers the L/C to the following transferee (the "Transferee"):

[Transferee Name and Address]

The original L/C is enclosed. Beneficiary directs Issuer to reissue or amend the L/C in favor of Transferee as Beneficiary. Beneficiary represents and warrants that Beneficiary has not transferred, assigned, or encumbered the L/C or any interest in the L/C, which transfer, assignment, or encumbrance remains in effect.

[Name and signature block, with signature or purported signature of Beneficiary]

Date: _____



**EXHIBIT F**

**RULES AND REGULATIONS**

NOTHING IN THESE RULES AND REGULATIONS ("RULES AND REGULATIONS") SHALL SUPPLANT ANY PROVISION OF THE LEASE. IN THE EVENT OF A CONFLICT OR INCONSISTENCY BETWEEN THESE RULES AND REGULATIONS AND THE LEASE, THE LEASE SHALL PREVAIL.

1. No Tenant Party shall encumber or obstruct the common entrances, lobbies, elevators, sidewalks and stairways of the Building(s) or the Project or use them for any purposes other than ingress or egress to and from the Building(s) or the Project.

2. Except as specifically provided in the Lease, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside of the Premises or the Building(s) without Landlord's prior written consent. Landlord shall have the right to remove, at Tenant's sole cost and expense and without notice, any sign installed or displayed in violation of this rule.

3. If Landlord objects in writing to any curtains, blinds, shades, screens, hanging plants or other similar objects attached to or used in connection with any window or door of the Premises or placed on any windowsill, and (a) such window, door or windowsill is visible from the exterior of the Premises and (b) such curtain, blind, shade, screen, hanging plant or other object is not included in plans approved by Landlord, then Tenant shall promptly remove such curtains, blinds, shades, screens, hanging plants or other similar objects at its sole cost and expense.

4. Deliveries of furniture, office equipment or any other large or bulky material(s) shall be made no later than 8 a.m. and no earlier than 6 p.m. No deliveries shall be made that impede or interfere with other tenants in or the operation of the Project. Movement of furniture, office equipment or any other large or bulky material(s) through the Common Area shall be restricted to such hours as Landlord may designate and shall be subject to reasonable restrictions that Landlord may impose. A temporary loading permit is required for all temporary parking and such permit, which permit Landlord may provide in its sole and absolute discretion.

5. Tenant shall not place a load upon any floor of the Premises that exceeds the load per square foot that (a) such floor was designed to carry or (b) is allowed by Applicable Laws. Fixtures and equipment that cause noises or vibrations that may be transmitted to the structure of the Building(s) to such a degree as to be objectionable to other tenants shall be placed and maintained by Tenant, at Tenant's sole cost and expense, on vibration eliminators or other devices sufficient to eliminate such noises and vibrations to levels reasonably acceptable to Landlord and the affected tenants of the Project.

6. Tenant shall not use any method of heating or air conditioning other than that present at the Project and serving the Premises as of the Execution Date.

7. Tenant shall not install any radio, television or other antennae; cell or other communications equipment; or other devices on the roof or exterior walls of the Premises except in



accordance with the Lease. Tenant shall not interfere with radio, television or other digital or electronic communications at the Project or elsewhere.

8. Canvassing, peddling, soliciting and distributing handbills or any other written material within, on or around the Project

(other than within the Premises) are prohibited. Tenant shall cooperate with Landlord to prevent such activities by any Tenant Party.

9. Tenant shall store all of its trash, garbage and Hazardous Materials in receptacles within its Premises or in receptacles designated by Landlord outside of the Premises. Tenant shall not place in any such receptacle any material that cannot be disposed of in the ordinary and customary manner of trash, garbage and Hazardous Materials disposal. Any Hazardous Materials transported through Common Areas shall be held in secondary containment devices. Tenant shall be responsible, at its sole cost and expense, for Tenant's removal of its trash, garbage and Hazardous Materials; provided, however, that Tenant is encouraged to participate in the waste removal and recycling program in place at the Project.

10. The Premises shall not be used for lodging or for any improper, immoral or objectionable purpose. No cooking shall be done or permitted in the Premises; provided, however, that Tenant may use (a) equipment approved in accordance with the requirements of insurance policies that Landlord or Tenant is required to purchase and maintain pursuant to the Lease for brewing coffee, tea, hot chocolate and similar beverages, (b) microwave ovens for employees' use and (c) equipment shown on plans approved by Landlord; provided, further, that any such equipment and microwave ovens are used in accordance with Applicable Laws.

11. Tenant shall not, without Landlord's prior written consent, use the name of the Project, if any, in connection with or in promoting or advertising Tenant's business except as Tenant's address.

12. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any Governmental Authority.

13. Tenant assumes any and all responsibility for protecting the Premises from theft, robbery and pilferage, which responsibility includes keeping doors locked and other means of entry to the Premises closed.

14. Tenant shall not modify any locks to the Premises without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold, condition or delay. Tenant shall furnish Landlord with copies of keys, pass cards or similar devices for locks to the Premises.

15. Tenant shall cooperate and participate in all reasonable security programs affecting the Premises.

16. Tenant shall not permit any animals in the Project, other than for guide animals or for use in laboratory experiments.

17. Bicycles shall not be taken into the Building(s) except into areas designated by Landlord.



18. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be deposited therein.

19. Discharge of industrial sewage shall only be permitted if Tenant, at its sole expense, first obtains all necessary permits and licenses therefor from all applicable Governmental Authorities.

20. Smoking is prohibited at the Project.

21. The Project's hours of operation are currently 24 hours a day, seven days a week.

22. Tenant shall comply with all orders, requirements and conditions now or hereafter imposed by Applicable Laws or Landlord ("Waste Regulations") regarding the collection, sorting, separation and recycling of waste products, garbage, refuse and trash generated by Tenant (collectively, "Waste Products"), including (without limitation) the separation of Waste Products into receptacles reasonably approved by Landlord and the removal of such receptacles in accordance with any collection schedules prescribed by Waste Regulations.

23. Tenant, at Tenant's sole cost and expense, shall cause the Premises to be exterminated on a monthly basis to Landlord's reasonable satisfaction and shall cause all portions of the Premises used for the storage, preparation, service or consumption of food or beverages to be cleaned daily in a manner reasonably satisfactory to Landlord, and to be treated against infestation by insects, rodents and other vermin and pests whenever there is evidence of any infestation. Tenant shall not permit any person to enter the Premises or the Project for the purpose of providing such extermination services, unless such persons have been approved by Landlord. If requested by Landlord, Tenant shall, at Tenant's sole cost and expense, store any refuse generated in the Premises by the consumption of food or beverages in a cold box or similar facility.

24. If Tenant desires to use any portion of the Common Area for a Tenant-related event, Tenant must notify Landlord in writing at least thirty (30) days prior to such event on the form attached as Attachment 1 to this Exhibit, which use shall be subject to Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed. Notwithstanding anything in this Lease or the completed and executed Attachment to the contrary, Tenant shall be solely responsible for setting up and taking down any equipment or other materials required for the event, and shall promptly pick up any litter and report any property damage to Landlord related to the event. Any use of the Common Area pursuant to this Section shall be subject to the provisions of Article 28 of the Lease.

Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Project, including Tenant.

These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms covenants, agreements and conditions of the Lease. 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, the care and cleanliness of the



Project, or the preservation of good order therein; provided, however, that Tenant shall not be obligated to adhere to such additional rules or regulations until Landlord has provided Tenant with written notice thereof. Tenant agrees to abide by these Rules and Regulations and any additional rules and regulations issued or adopted by Landlord. Tenant shall be responsible for the observance of these Rules and Regulations by all Tenant Parties.



**ATTACHMENT 1 TO EXHIBIT F**

**REQUEST FOR USE OF COMMON AREA**

[TENANT LETTERHEAD]

*VIA [ ]*

[Date]

BMR-Pacific Research Center LP

17190 Bernardo Center Drive

San Diego, California 92128

Attn: Senior Director, West Coast Operations

Re: Notice of Request to Use Common Area

To Whom It May Concern:

ShotSpotter, Inc. requests that it have use of the common area as described below:

Event Description:

Date:

Location at Property:

Number of Attendees:

Open to the Public? ☐ YES ☐ NO

Food and/or Beverages? ☐ YES ☐ NO

If YES:

- will alcohol be served *(Note: Proof of an insurance endorsement for serving alcohol must be provided)* ☐ YES ☐ NO
- please describe:

Other Amenities (tent, band, etc.):

Other Event Details:

Please let us know at your earliest convenience whether such use is approved.

Sincerely,

[Name]

[Title]

To Be Completed by Landlord:

☐ APPROVED DENIED ☐

The following conditions apply to approval (if approved):

1.

2.

3.

4.

5.

BMR-PACIFIC RESEARCH CENTER LP

By: _____
Name: _____
Its: _____
Date: _____



**EXHIBIT G**

[Intentionally omitted]



**EXHIBIT H**

**TENANT'S PERSONAL PROPERTY**

All non-permanently attached equipment, decorations, fixtures, additions and improvements, including cubicles, server racks, furniture, computers, copier, monitors, cabinets and phone system.



**EXHIBIT I**

**FORM OF ESTOPPEL CERTIFICATE**

To: BMR-Pacific Research Center LP
17190 Bernardo Center Drive
San Diego, California 92128
Attention: Vice President, Real Estate Counsel

BioMed Realty, L.P.
17190 Bernardo Center Drive
San Diego, California 92128

Re: The Premises at 7979 Gateway Boulevard, Newark, California (the "Property")

The undersigned tenant ("Tenant") hereby certifies to you as follows:

1. Tenant is a tenant at the Property under a lease (the "Lease") for the Premises dated as of August , 2012. The Lease has not been cancelled, modified, assigned, extended or amended [except as follows: [ ]], and there are no other agreements, written or oral, affecting or relating to Tenant's lease of the Premises or any other space at the Property. The lease term expires on [ ], 20[ ].

2. Tenant took possession of the Premises, currently consisting of [ ] square feet, on [ ], 20[ ], and commenced to pay rent on [ ], 20[ ]. Tenant has full possession of the Premises, has not assigned the Lease or sublet any part of the Premises, and does not hold the Premises under an assignment or sublease[, except as follows: [ ]].

3. All base rent, rent escalations and additional rent under the Lease have been paid through [ ], 20[ ]. There is no prepaid rent[, except $[ ]][, and the amount of security deposit is $[ ] [in cash][OR][in the form of a letter of credit]]. Tenant currently has no right to any future rent abatement under the Lease.

4. Base rent is currently payable in the amount of $[ ] per month.

5. Tenant is currently paying estimated payments of additional rent of $[ ] per month on account of real estate taxes, insurance, management fees and common area maintenance expenses.

6. All work to be performed for Tenant under the Lease has been performed as required under the Lease and has been accepted by Tenant[, except [ ]], and all allowances to be paid to Tenant, including allowances for tenant improvements, moving expenses or other items, have been paid.

7. The Lease is in full force and effect, free from default and free from any event that could become a default under the Lease, and Tenant has no claims against the landlord or offsets or defenses against rent, and there are no disputes with the landlord. Tenant has received no notice of



prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents payable thereunder[, except [ ]].

8. [Tenant has the following expansion rights or options for the Property: [ ].][OR][Tenant has no rights or options to purchase the Property.]

9. To Tenant's knowledge, no hazardous wastes have been generated, treated, stored or disposed of by or on behalf of Tenant in, on or around the Premises or the Project in violation of any environmental laws.

10. The undersigned has executed this Estoppel Certificate with the knowledge and understanding that [INSERT NAME OF LANDLORD, PURCHASER OR LENDER, AS APPROPRIATE] or its assignee is acquiring the Property in reliance on this certificate and that the undersigned shall be bound by this certificate. The statements contained herein may be relied upon by [INSERT NAME OF PURCHASER OR LENDER, AS APPROPRIATE], [LANDLORD], BioMed Realty, L.P., BioMed Realty Trust, Inc., and any [other] mortgagee of the Property and their respective successors and assigns.

Any capitalized terms not defined herein shall have the respective meanings given in the Lease.

Dated this [ ] day of [ ], 20[ ].

SHOTSPOTTER, INC.,
a Delaware corporation, d/b/a SST, INC.

By: _____
Name: _____
Title: _____

**Exhibit 10.15**

**FIRST AMENDMENT TO LEASE**

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is entered into as of this 3rd day of September, 2014, by and between BMR-PACIFIC RESEARCH CENTER LP, a Delaware limited partnership ("Landlord"), and SHOTSPOTTER, INC., a Delaware corporation, d/b/a SST, INC. ("Tenant").

**RECITALS**

A. WHEREAS, Landlord and Tenant entered into that certain Lease dated as of August 14, 2012 (as the same may have been amended, supplemented or modified from time to time, the "Existing Lease"), whereby Tenant leases certain premises (the "Premises") from Landlord in the building known as Building No. 6 at 7979 Gateway Boulevard in Newark, California (the "Building");

B. WHEREAS, Landlord and Tenant desire to extend the Term and set the Base Rent for the First Extension Term (as defined below); and

C. WHEREAS, Landlord and Tenant desire to modify and amend the Existing Lease only in the respects and on the conditions hereinafter stated.

**AGREEMENT**

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing Lease unless otherwise defined herein. The Existing Lease, as amended by this Amendment, is referred to collectively herein as the "Lease."

2. First Extension Term. The Term of the Lease is hereby extended for twenty-four (24) months and, therefore, the "Term Expiration Date" is hereby amended to mean October 31, 2017. The period commencing on November 1, 2015 and ending on the new Term Expiration Date shall be referred to herein as the "First Extension Term." The term "Term," as used in the Lease, shall refer to the Term as extended by the First Extension Term (and as may be further extended pursuant to Article 6 of this Amendment).

3. Base Rent. Monthly and annual installments of Base Rent for the Premises during the First Extension Term shall be as set forth in the chart below.



| Dates | Square Feet of Rentable Area | Base Rent per Square Foot of Rentable Area | Monthly Base Rent | Annual Base Rent |
|---|---|---|---|---|
| November 1, 2015 – October 31, 2016 | 12,020 | $ 1.65 monthly | $ 19,833 | $ 237,996 |
| November 1, 2016 – October 31, 2017 | 12,020 | $ 1.70 monthly | $ 20,434 | $ 245,208 |

4. Additional Rent. During the First Extension Term, Tenant shall continue to pay (a) Tenant's Share of Operating Expenses, (b) the Property Management Fee and (c) any other amounts set forth in the Lease.

5. Condition of Premises. Tenant acknowledges that (a) it is in possession of and is fully familiar with the condition of the Premises and, notwithstanding anything contained in the Lease to the contrary, agrees to take the same in its condition "as is" as of the first day of the First Extension Term, and (b) Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's continued occupancy for the First Extension Term or to pay for any improvements to the Premises, except as may be expressly provided in the Lease.

6. Option to Extend Term. Tenant shall have the option ("Option") to extend the Term by two (2) years as to the entire Premises (and no less than the entire Premises) upon the following terms and conditions. Any extension of the Term pursuant to the Option shall be on all the same terms and conditions as the Lease, except as follows:

6.1. Base Rent at the commencement of the Option term shall equal the greater of (a) one hundred three percent (103%) of the then-current Base Rent and (b) the then-current fair market value for comparable office and laboratory space in the Alameda County submarket of comparable age, quality, level of finish and proximity to amenities and public transit ("FMV"), and in each case shall be further increased on each annual anniversary of the Option term commencement date by three percent (3%). Tenant may, no more than twelve (12) months prior to the date the Term is then scheduled to expire, request Landlord's estimate of the FMV for the Option term. Landlord shall, within fifteen (15) days after receipt of such request, give Tenant a written proposal of such FMV. If Tenant gives written notice to exercise the Option, such notice shall specify whether Tenant accepts Landlord's proposed estimate of FMV. If Tenant does not accept the FMV, then the parties shall endeavor to agree upon the FMV, taking into account all relevant factors, including (v) the size of the Premises, (w) the length of the Option term, (x) rent in comparable buildings in the relevant submarket, including concessions offered to new tenants, such as free rent, tenant improvement allowances and moving allowances, (y) Tenant's creditworthiness and (z) the quality and location of the Building and the Project. In the event that the parties are unable to agree upon the FMV within thirty (30) days after

Tenant notifies Landlord that Tenant is exercising the Option, then either party may request that the same be



determined as follows: a senior officer of a nationally recognized leasing brokerage firm with local knowledge of the Alameda County laboratory/research and development leasing submarket (the "Baseball Arbitrator") shall be selected and paid for jointly by Landlord and Tenant. If Landlord and Tenant are unable to agree upon the Baseball Arbitrator, then the same shall be designated by the local chapter of the Judicial Arbitration and Mediation Services or any successor organization thereto (the "JAMS"). The Baseball Arbitrator selected by the parties or designated by JAMS shall (y) have at least ten (10) years' experience in the leasing of laboratory/research and development space in the Alameda County submarket and (z) not have been employed or retained by either Landlord or Tenant or any affiliate of either for a period of at least ten (10) years prior to appointment pursuant hereto. Each of Landlord and Tenant shall submit to the Baseball Arbitrator and to the other party its determination of the FMV. The Baseball Arbitrator shall grant to Landlord and Tenant a hearing and the right to submit evidence. The Baseball Arbitrator shall determine which of the two (2) FMV determinations more closely represents the actual FMV. The arbitrator may not select any other FMV for the Premises other than one submitted by Landlord or Tenant. The FMV selected by the Baseball Arbitrator shall be binding upon Landlord and Tenant and shall serve as the basis for determination of Base Rent payable for the Option term. If, as of the commencement date of the Option term, the amount of Base Rent payable during the Option term shall not have been determined, then, pending such determination, Tenant shall pay Base Rent equal to the Base Rent payable with respect to the last year of the then-current Term. After the final determination of Base Rent payable for the Option term, the parties shall promptly execute a written amendment to the Lease specifying the amount of Base Rent to be paid during the Option term. Any failure of the parties to execute such amendment shall not affect the validity of the FMV determined pursuant to this Section.

6.2. The Option is not assignable separate and apart from the Lease.

6.3. The Option is conditional upon Tenant giving Landlord written notice of its election to exercise the Option at least nine (9) months prior to the end of the expiration of the then-current Term. Time shall be of the essence as to Tenant's exercise of the Option. Tenant assumes full responsibility for maintaining a record of the deadlines to exercise the Option. Tenant acknowledges that it would be inequitable to require Landlord to accept any exercise of the Option after the date provided for in this Section.

6.4. Notwithstanding anything contained in this Article to the contrary, Tenant shall not have the right to exercise the Option:

(a) During the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of the Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; or

(b) At any time after any Default as described in Article 31 of the Lease (provided, however, that, for purposes of this Section 6.4(b), Landlord shall not be required to provide Tenant with notice of such Default) and continuing until Tenant cures any such Default, if such Default is susceptible to being cured; or



(c) In the event that Tenant has defaulted in the performance of its obligations under the Lease two (2) or more times and a service or late charge has become payable under Section 31.1 of the Lease for each of such defaults during the twelve (12)-month period immediately prior to the date that Tenant intends to exercise the Option, whether or not Tenant has cured such defaults.

6.5. The period of time within which Tenant may exercise the Option shall not be extended or enlarged by reason of Tenant's inability to exercise such Option because of the provisions of Section 6.4.

6.6. All of Tenant's rights under the provisions of the Option shall terminate and be of no further force or effect even after Tenant's due and timely exercise of the Option if, after such exercise, but prior to the commencement date of the new term, (a) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of twenty (20) days after written notice from Landlord to Tenant, (b) Tenant fails to commence to cure a default (other than a monetary default) within thirty (30) days after the date Landlord gives notice to Tenant of such default or (c) Tenant has defaulted under the Lease two (2) or more times and a service or late charge under Section 31.1 of the Lease has become payable for any such default, whether or not Tenant has cured such defaults.

7. Broker. Tenant represents and warrants that it has not dealt with any broker or agent in the negotiation for or the obtaining of this Amendment, other than Colliers Parrish International, Inc. ("Broker"), and agrees to reimburse, indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord, at Tenant's sole cost and expense) and hold harmless the Landlord Indemnitees for, from and against any and all cost or liability for compensation claimed by any such broker or agent, other than Broker, employed or engaged by it or claiming to have been employed or engaged by it. Broker is entitled to a leasing commission in connection with the making of this Amendment, and Landlord shall pay such commission to Broker pursuant to a separate agreement between Landlord and Broker.

8. No Default. Tenant represents, warrants and covenants that, to the best of Tenant's knowledge, Landlord and Tenant are not in default of any of their respective obligations under the Lease and no event has occurred that, with the passage of time or the giving of notice (or both) would constitute a default by either Landlord or Tenant thereunder.

9. Notices. Tenant confirms that, notwithstanding anything in the Lease to the contrary, notices delivered to Tenant pursuant to the

Lease should be sent to:

SST, Inc.
7979 Gateway Boulevard, Suite 210
Newark, California, 94560
Attn: Sonya Strickler

10. Effect of Amendment. Except as modified by this Amendment, the Existing Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms



contained in this Amendment and the Existing Lease, the terms herein contained shall supersede and control the obligations and liabilities of the parties. From and after the date hereof, the term "Lease" as used in the Lease shall mean the Existing Lease, as modified by this Amendment.

11. Successors and Assigns. Each of the covenants, conditions and agreements contained in this Amendment shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns and sublessees. Nothing in this section shall in any way alter the provisions of the Lease restricting assignment or subletting.

12. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Landlord and Tenant. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof. All exhibits hereto are incorporated herein by reference. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease, lease amendment or otherwise until execution by and delivery to both Landlord and Tenant.

13. Authority. Tenant guarantees, warrants and represents that the individual or individuals signing this Amendment have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

14. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]



IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

**LANDLORD:**

BMR-PACIFIC RESEARCH CENTER LP,
a Delaware limited partnership

By: /s/ Kevin M. Simonsen
Name: Kevin M. Simonsen
Title: VP, Real Estate Legal

**TENANT:**

SHOTSPOTTER, INC.,
a Delaware corporation, d/b/a SST, INC.

By: /s/ Sonya Strickler
Name: Sonya Strickler
Title: VP Finance & Controller

**Exhibit 10.16**

**SECOND AMENDMENT TO LEASE**

THIS SECOND AMENDMENT TO LEASE (this "Amendment") is entered into as of this 15th day of December, 2016 (the "Execution Date"), by and between BMR-PACIFIC RESEARCH CENTER LP, a Delaware limited partnership ("Landlord"), and SHOTSPOTTER, INC., a Delaware corporation, d/b/a SST, INC. ("Tenant").

**RECITALS**

A. WHEREAS, Landlord and Tenant are parties to that certain Lease dated as of August 14, 2012 (as amended by that certain First Amendment to Lease dated as of September 3, 2014 (the "First Amendment") (collectively, and as the same may have been further amended, amended and restated, supplemented or modified from time to time, the "Existing Lease"), whereby Tenant leases certain premises (the "Premises") from Landlord in the building known as Building No. 6 at 7979 Gateway Boulevard in Newark, California (the "Building");

B. WHEREAS, Landlord and Tenant desire to extend the Term and set the Base Rent for the Second Extension Term (as defined below);

C. WHEREAS, Landlord and Tenant desire to delete the right to extend the Term that was granted to Tenant in the First Amendment; and

D. WHEREAS, Landlord and Tenant desire to modify and amend the Existing Lease only in the respects and on the conditions hereinafter stated.

**AGREEMENT**

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing Lease unless otherwise defined herein. The Existing Lease, as amended by this Amendment, is referred to collectively herein as the "Lease." From and after the date hereof, the term "Lease," as used in the Existing Lease, shall mean the Existing Lease, as amended by this Amendment.

2. Second Extension Term. The Term of the Lease is hereby extended for forty-eight (48) months and, therefore, the "Term Expiration Date" is hereby amended to mean October 31, 2021. The period commencing on November 1, 2017 and ending on the new Term Expiration Date shall be referred to herein as the "Second Extension Term." The term "Term," as used in the Lease, shall refer to the Term as extended by the Second Extension Term.

3. Base Rent. Tenant shall pay to Landlord Base Rent during the Second Extension Term as set forth below in accordance with the provisions of the Lease. Monthly and annual installments of Base Rent for the Premises during the Second Extension Term shall be as set forth in the chart below.



| Dates | Square Feet of Rentable Area | Base Rent per Square Foot of Rentable Area | Monthly Base Rent | Annual Base Rent |
|---|---|---|---|---|
| November 1, 2017 – October 31, 2018 | 12,020 | $ 2.25 monthly | $ 27,045 | $ 324,540 |
| November 1, 2018 – October 31, 2019 | 12,020 | $ 2.32 monthly | $ 27,886.40 | $ 334,636.80 |
| November 1, 2019 – October 31, 2020 | 12,020 | $ 2.39 monthly | $ 28,727.80 | $ 344,733.60 |
| November 1, 2020 – October 31, 2021 | 12,020 | $ 2.46 monthly | $ 29,569.20 | $ 354,830.40 |

4. Additional Rent. During the Second Extension Term, Tenant shall continue to pay (a) Tenant's Share of Operating Expenses, (b) the Property Management Fee and (c) any other amounts set forth in the Lease.

5. Tenant Improvements.

5.1. Landlord shall make available to Tenant an allowance not to exceed Seventy-Two Thousand One Hundred Twenty Dollars ($72,120) (the "Allowance") in order to construct certain improvements within the Premises consistent with the Permitted Use (the "Tenant Improvements"). Any Tenant Improvements shall be designed and constructed by Tenant (at Tenant's sole cost and expense); provided, however, that any such Tenant Improvements shall be considered Alterations and shall be subject to, and shall be designed and installed in accordance with, all of the terms, conditions and provisions of the Lease (including, without limitation, the prior written approval provisions and all other terms, conditions and provisions of Article 17 of the Lease; provided that, the first two (2) sentences of Section 17.8 of the Lease shall not apply to the Tenant Improvements since Tenant is already obligated to pay a project review fee in accordance with Section 5.1(b) below). The Allowance may be applied by Tenant to the costs of (a) construction, (b) project review by Landlord (which fee shall equal three percent (3%) of the cost of the Tenant Improvements, including the

Allowance), (c) commissioning of mechanical, electrical and plumbing systems by a licensed, qualified commissioning agent hired by Tenant, and review of such party's commissioning report by a licensed, qualified commissioning agent hired by Landlord, (d) space planning, architect, engineering and other related services performed by third parties unaffiliated with Tenant, (e) building permits and other taxes, fees, charges and levies by Governmental Authorities for permits or for inspections of the Tenant Improvements, (f) costs and expenses for labor, material, equipment and fixtures, and (g)



furniture, personal property or other non-building system equipment (but in no event may more than Twenty-Four Thousand Forty Dollars ($24,040) of the Allowance be applied to the costs described in this subsection (g)). In no event shall the Allowance be used for (v) the cost of work that is not approved in writing by Landlord, (w) payments to Tenant or any affiliates of Tenant, (x) the purchase of any furniture, personal property or other non-building system equipment in excess of the limitation set forth in subsection (g) above, (y) costs resulting from any default by Tenant of its obligations under the Lease or (z) costs that are recoverable by Tenant from a third party (e.g., insurers, warrantors, or tortfeasors).

5.2. Without limiting Landlord's obligation in connection with the Allowance, Tenant shall be fully responsible for and shall pay to the applicable contractors, subcontractors and material suppliers the full cost of the design and construction of the Tenant Improvements as such cost becomes due, including any such cost that exceeds the Allowance (such excess, the "Excess TI Costs"). All material and equipment furnished by Tenant or its contractors as the Tenant Improvements shall be new or "like new;" the Tenant Improvements shall be performed in a first-class, workmanlike manner; and the quality of the Tenant Improvements shall be of a nature and character not less than the Building Standard. Tenant shall take, and shall require its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Tenant Improvements, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

5.3. Landlord shall contribute the Allowance toward the costs and expenses incurred in connection with the performance of the Tenant Improvements, in accordance with this Article. If the entire Allowance is not applied toward or reserved for the costs of the Tenant Improvements, then Tenant shall not be entitled to a credit of such unused portion of the Allowance. Tenant may apply the Allowance for the payment of construction and other costs in accordance with the terms and provisions of this Article.

5.4. Notwithstanding anything to the contrary set forth elsewhere in this Amendment or the Lease, Landlord shall not have any obligation to expend any portion of the Allowance until Landlord and Tenant shall have approved in writing the budget for the Tenant Improvements (the "Approved Budget"). Prior to Landlord's approval of the Approved Budget, Tenant shall pay all of the costs and expenses incurred in connection with the Tenant Improvements as they become due. Landlord shall not be obligated to reimburse Tenant for costs or expenses relating to the Tenant Improvements that exceed the amount of the Allowance. Landlord shall not unreasonably withhold, condition or delay its approval of any budget for Tenant Improvements that is proposed by Tenant.

5.5. Any request by Tenant for payment of the Allowance shall be accompanied by (a) a statement (a "Fund Request") setting forth the total amount of the Allowance requested, (b) a summary of the Tenant Improvements performed using AIA standard form Application for Payment (G 702) executed by the general contractor and by the architect, (c) invoices from the general contractor and any subcontractors, material suppliers and other parties furnishing labor or materials for the Tenant Improvements requesting payment with respect to the amount of the Allowance then being requested, (d) unconditional lien releases from the general contractor and each subcontractor and material supplier with respect to previous payments made by either



Landlord or Tenant for the Tenant Improvements in a form acceptable to Landlord and complying with Applicable Laws, (e) conditional lien releases from the general contractor and each subcontractor and material supplier with respect to the Tenant Improvements performed that correspond to the Fund Request each in a form acceptable to Landlord and complying with Applicable Laws and (f) any other information or documentation reasonably requested by Landlord. Within thirty (30) days following receipt by Landlord of a Fund Request and the accompanying materials required by this Section, Landlord shall pay to Tenant the amount set forth in the Fund Request. Tenant shall have until the date that is twelve (12) months following the Execution Date to submit a Fund Request (along with all accompanying materials required by this Section) for the unused portion of the Allowance, after which date Landlord's obligation to fund such costs shall expire. In no event shall any unused Allowance entitle Tenant to a credit against Rent payable under the Lease.

5.6. In addition to the other requirements of this Article, Tenant shall, no later than the fifth ($5^{th}$) business day of each month until the Tenant Improvements are complete, provide Landlord with an estimate of (a) the percentage of design and other soft cost work that has been completed, (b) design and other soft costs spent through the end of the previous month, both from commencement of the Tenant Improvements and solely for the previous month, (c) the percentage of construction and other hard cost work that has been completed, (d) construction and other hard costs spent through the end of the previous month, both from commencement of the Tenant Improvements and solely for the previous month, and (e) the date of substantial completion of the Tenant Improvements.

5.7. Tenant assumes sole responsibility and liability for any and all injuries or the death of any persons, including Tenant's contractors and subcontractors and their respective employees, agents and invitees, and for any and all damages to property caused by, resulting from or arising out of any act or omission on the part of Tenant, Tenant's contractors or subcontractors, or their respective employees, agents and invitees in the prosecution of the Tenant Improvements. Tenant agrees to indemnify, defend (at the option of and with counsel reasonably acceptable to the indemnified party(ies)), save, reimburse and hold harmless the Landlord Indemnitees from and against all Claims due to, because of or arising out of any and all such injuries, death or damage, whether real or alleged, and Tenant and Tenant's contractors and subcontractors shall assume and defend at their sole cost and expense all such Claims; provided, however, that

nothing contained in this Section shall be deemed to indemnify any Landlord Indemnitee from or against liability caused by the negligence or willful misconduct of Landlord or any Landlord Party. Any deficiency in design or construction of the Tenant Improvements shall be solely the responsibility of Tenant, notwithstanding the fact that Landlord may have approved of the same in writing.

6. Condition of Premises. Tenant acknowledges that (a) it is in possession of and is fully familiar with the condition of the Premises and, notwithstanding anything contained in the Lease to the contrary, agrees to take the same in its condition "as is" as of the first day of the Second Extension Term, and (b) Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's continued occupancy for the Second Extension Term or to pay for any improvements to the Premises, except as may be expressly provided in this Amendment.



7. Deletion of Option to Extend Term. Tenant acknowledges that it has not exercised its Option under Article 6 of the First Amendment. In addition, Article 6 of the First Amendment is hereby deleted in its entirety and shall be of no further force or effect.

8. Broker. Tenant represents and warrants that it has not dealt with any broker or agent in the negotiation for or the obtaining of this Amendment, other than Colliers Parrish International, Inc. ("Broker"), and agrees to reimburse, indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord, at Tenant's sole cost and expense) and hold harmless the Landlord Indemnitees for, from and against any and all cost or liability for compensation claimed by any such broker or agent, other than Broker, employed or engaged by it or claiming to have been employed or engaged by it. Broker is entitled to a leasing commission in connection with the making of this Amendment, and Landlord shall pay such commission to Broker pursuant to a separate agreement between Landlord and Broker.

9. No Default. Tenant represents, warrants and covenants that, to the best of Tenant's knowledge, Landlord and Tenant are not in default of any of their respective obligations under the Existing Lease and no event has occurred that, with the passage of time or the giving of notice (or both) would constitute a default by either Landlord or Tenant thereunder.

10. Notices. Tenant confirms that, notwithstanding anything in the Lease to the contrary, notices delivered to Tenant pursuant to the Lease should be sent to:

SST, Inc.
7979 Gateway Boulevard, Suite 210
Newark, California, 94560
Attn: Sonya Strickler.

11. Effect of Amendment. Except as modified by this Amendment, the Existing Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing Lease, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

12. Successors and Assigns. Each of the covenants, conditions and agreements contained in this Amendment shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns and sublessees. Nothing in this section shall in any way alter the provisions of the Lease restricting assignment or subletting.

13. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Landlord and Tenant. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof. All exhibits hereto are incorporated herein by reference. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease, lease amendment or otherwise until execution by and delivery to both Landlord and Tenant.



14. Authority. Tenant guarantees, warrants and represents that the individual or individuals signing this Amendment on behalf of Tenant have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed. Landlord guarantees, warrants and represents that the individual or individuals signing this Amendment on behalf of Landlord have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

15. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

**LANDLORD:**

BMR-PACIFIC RESEARCH CENTER LP,
a Delaware limited partnership

By: /s/ Marie Lewis
Name: Marie Lewis
Title: Vice President, Legal

**TENANT:**

SHOTSPOTTER, INC.,
a Delaware corporation, d/b/a SST, INC.

By: /s/ Sonya Strickler
Name: Sonya Strickler
Title: VP Finance & Controller

**Loan and Security Agreement**

**Borrower:** **ShotSpotter, Inc., a Delaware corporation**
**Address:** **7979 Gateway Blvd., Suite 210**
**Newark, CA 93460**

**Date:** **September 25, 2015**

This Loan and Security Agreement is entered into on the above date (the "Closing Date") between ORIX Ventures, LLC, a Delaware limited liability company ("Lender"), with an address at 485 Lexington Avenue, 27th Floor, New York, NY 10117 and the borrower named above ("Borrower"). The Schedule to this Loan and Security Agreement being signed concurrently (the "Schedule") is an integral part of this Agreement. Definitions of certain terms used in this Agreement are set forth in Section 8 below.

## 1. LOANS.

**1.1 Loans.** Subject to the terms and conditions in this Agreement, Lender shall make loans to Borrower (collectively, the "Loan") consisting of Term Loans in the amounts shown on the Schedule.

**1.2 Conditions.** The making of the initial disbursement of the Loan is subject to the completion of the following conditions precedent in a manner satisfactory to Lender: (i) all filings have been completed that are necessary or advisable to perfect the security interest of Lender in the Collateral, including without limitation UCC filings and intellectual property filings, (ii) the Loan Documents and all other documents relating to this Agreement have been executed and delivered, (iii) Lender has confirmed that there has been no Material Adverse Change since the June 30, 2015 financial statements provided to Lender prior to the date hereof, (iv) UCC and other searches deemed necessary by Lender have been completed, (v) payoff letters, with sufficient evidence of release of liens, in respect of existing indebtedness not permitted by the terms of this Agreement shall have been delivered, (vi) no Default or Event of Default has occurred and is continuing, and (vii) all other matters relating to the Loan requested by Lender. The making of each additional disbursement of the Loan is subject to the satisfaction of the following conditions precedent on the relevant disbursement date: (i) the representations and warranties made by Borrower contained in this Agreement and the other Loan Documents shall be true and correct on and as of such date, with the same effect as if made on and as of such date (provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such other date), and (ii) no Default or Event of Default shall exist or shall result from the requested disbursement. Each request by Borrower for a disbursement of any portion of the Loan shall constitute a representation and warranty by Borrower hereunder, as of the date of each such disbursement, that the conditions in Section 1.2 are satisfied both before and after giving effect to such disbursement. Notwithstanding anything to the contrary in this Section 1.2 or otherwise in this Agreement, perfection of security interests in Borrower's assets outside of the United States shall not be required; provided that the aggregate book value of such assets shall not exceed $250,000 at any time.

**1.3 Interest.** The Loan and all other monetary Obligations shall bear interest at the rate shown on the Schedule, except where expressly set forth to the contrary in this Agreement. Borrower shall pay accrued interest on the Loan in arrears on the first day of each month and at maturity. Any interest on the Loan that is not paid when due shall bear interest at the same rate as the principal thereof. The sending of a bill for interest in advance by Lender shall not affect Lender's right to make adjustments to the same based on changes in the Base Rate as provided in this Agreement.

**1.4 Fees.** Borrower shall pay Lender the fees shown on the Schedule on the date(s) set forth therein, which are in addition to all interest and other sums payable to Lender and are not refundable.

**1.5 Principal.** Borrower shall pay Lender the principal amounts of the Loan as shown on the Schedule in the amounts and on the date(s) set forth therein.



## 2. SECURITY INTEREST.

**2.1 Security Interest**. To secure the payment and performance of all of the Obligations when due, Borrower hereby grants to Lender a security interest in all right, title and interest of Borrower in all assets of Borrower, whether now owned or hereafter arising or acquired and wherever located, including, without limitation, all of the following, now owned or hereafter acquired by Borrower (collectively, the "Collateral"): all Accounts; all Inventory; all Equipment; all General Intangibles (including without limitation all Intellectual Property); all Deposit Accounts); all Investment Property; all

insolvency, reorganization, moratorium or similar laws relating to creditors' rights generally), (iv) do not violate Borrower's articles or certificate of incorporation, by-laws, operating agreement, or other organization documents (as applicable), or any law or any material agreement or instrument that is binding upon Borrower or its property, and (v) do not constitute grounds for acceleration of any indebtedness or obligation under any agreement or instrument that is binding upon Borrower or its property.

**3.2 Name; Trade Names and Styles.** As of the date hereof, the full correct name of Borrower and its state of

Other Property; and any and all claims, rights and interests in any of the above, and all guaranties and security for any of the above, and all substitutions and replacements for, additions, accessions, attachments, accessories, and improvements to, and proceeds (including proceeds of any insurance policies, proceeds of proceeds and claims against third parties) of, any and all of the above, and all of Borrower's books relating to any of the above, including without limitation the assets identified in the Representations. Borrower shall concurrently deliver to Lender all certificates evidencing stock, membership interests, and other ownership interests included in the Collateral, together with stock powers or other instruments of transfer executed in blank, in form and substance satisfactory to Lender.

**3. REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE BORROWER.**

In order to induce Lender to enter into this Agreement and to make the Loan, Borrower represents and warrants to Lender as follows, and Borrower covenants that the following representations will continue to be true (provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such other date), and that Borrower will at all times comply with all of the following covenants:

**3.1 Organizational Existence and Authority.** Borrower and its Subsidiaries are and will continue to be, duly organized, validly existing and in good standing under the laws of their state of organization (as shown in the heading to this Agreement for Borrower). Borrower and its Subsidiaries are and will continue to be qualified and licensed to do business in all jurisdictions in which any failure to do so would result in a Material Adverse Change. The execution, delivery and performance by Borrower of this Agreement, and all other documents contemplated hereby (i) have been duly and validly authorized, (ii) are not subject to any consents that have not been obtained, (iii) are enforceable against Borrower in accordance with their terms (except as enforcement may be limited by equitable principles and by bankruptcy,

incorporation or organization (as applicable) are set forth in the heading to this Agreement. Listed in the Representations are all prior names of Borrower and all of Borrower's present and prior trade names. Borrower shall give Lender thirty (30) days' prior written notice before it or any of its Subsidiaries changes its name or does business under any other name. Borrower and its Subsidiaries have complied, and will in the future comply, with all laws relating to the conduct of business under a fictitious business name.

**3.3 Place of Business; Location of Collateral.** The address set forth in the heading to this Agreement ("Borrower's Address") is Borrower's chief executive office. In addition, Borrower and its Subsidiaries have places of business, and Collateral is located, only at the locations set forth in the Representations. Borrower will give Lender at least fifteen (15) days' prior written notice before it or any of its Subsidiaries opens any additional place of business, changes its chief executive office, or moves any of its assets with a gross value in excess of $10,000 to a location other than Borrower's Address or one of the locations set forth in the Representations, provided, that in no circumstances shall notice be required with respect to the transfer of Collateral to and from Borrower's gunshot location system installations done in the ordinary course of business.

**3.4 Title to Collateral.** Borrower is now and will at all times in the future be the sole owner of all the Collateral, except for specific items of Equipment that are leased by Borrower and Intellectual Property which is licensed to it on a non-exclusive basis in the ordinary course of business. The Collateral is now and will remain free and clear of any and all liens, charges, security interests, encumbrances, and adverse claims, except for the security interest(s) in favor of Lender and Permitted Liens. Lender has now and will continue to have a first-priority perfected and enforceable security interest in all of the Collateral, subject only to Permitted Liens, and Borrower will at all times defend Lender and the Collateral against all claims of others. None of the Collateral is now or will be affixed to any real property in such a manner, or with such intent, as to become a fixture.



Borrower will keep in full force and effect and will comply in all material respects with all the terms of any lease of real property where any of the Collateral now or in the future may be located, provided that Borrower shall be entitled to move locations and terminate any lease of real property to the extent Borrower has complied with Section 3.3 hereof.

**3.5 Maintenance of Collateral.** Borrower and its Subsidiaries will maintain the Collateral in good working condition, ordinary wear and tear excepted, and will not use the Collateral for any unlawful purpose. Borrower will immediately advise Lender in writing of any material loss or damage to the Collateral.

**3.6 Books and Records.** Borrower has maintained and will maintain at Borrower's Address complete and accurate books and records, and an accounting system in accordance with GAAP.

**3.7 Financial Condition, Statements, and Reports.** All financial statements now or in the future delivered to Lender have been, and will be, prepared in conformity with GAAP (except with respect to unaudited financial statements, subject to normal year-end adjustments and for the absence of footnotes) and now and in the future will completely and fairly reflect the financial condition and results of operations of Borrower, at the

**3.10 Litigation.** Except as disclosed to Lender in writing, to Borrower's knowledge, there is no claim, suit, litigation, proceeding, or investigation pending or threatened against or affecting Borrower or any of its Subsidiaries involving more than $25,000. Upon its knowledge thereof, Borrower will promptly inform Lender in writing of any claim, proceeding, litigation or investigation in the future threatened or instituted by or against Borrower or any of its Subsidiaries involving any claim of $25,000 or more.

**3.11 Intellectual Property.** Neither Borrower nor any of its Subsidiaries are the licensee of any Intellectual Property other than licenses of software that are not exclusive and are generally available on commercially reasonable terms, and Intellectual Property disclosed to Lender for which Borrower has exclusive use in the public safety and security markets. Borrower will not, and will not permit any of its Subsidiaries to, enter into any material Intellectual Property license as licensee that prohibits Borrower or such Subsidiary from granting Lender a security interest in the same, unless the license is not exclusive and generally available on commercially reasonable terms.

**3.12 Commercial Tort Claims.** In the event that Borrower or any of its Subsidiaries shall at any time after the date hereof have any commercial tort claims against others that it is asserting or intends to assert, and in which the potential recovery

times and for the periods therein stated. Between the last date covered by any such statement provided to Lender and the date hereof, there has been no Material Adverse Change. Borrower and its Subsidiaries are now and will continue to be Solvent.

**3.8 Tax Returns and Payments; Pension Contributions.** Borrower and its Subsidiaries have timely filed, and will timely file, all tax returns and reports required by applicable law, and Borrower and its Subsidiaries have timely paid, and will timely pay, all applicable taxes, assessments, deposits and contributions now or in the future owed by Borrower; provided that Borrower need not pay taxes that are being disputed in good faith, by appropriate proceedings diligently pursued, for which Borrower holds adequate reserves in accordance with GAAP and with respect to which there is no lien on any Collateral.

**3.9 Compliance with Law.** Borrower and its Subsidiaries have complied, and will comply, in all material respects, with all provisions of all applicable laws and regulations, including, but not limited to, those relating to their ownership of real or personal property, the conduct and licensing or franchising of their business, compensation and benefits payable or provided to their employees, and all environmental matters. All proceeds of all Loans shall be used solely for lawful business purposes.

exceeds $100,000, Borrower shall promptly notify Lender thereof in writing and provide Lender with such information regarding the same as Lender shall request. Such notification to Lender shall constitute a grant of a security interest in the commercial tort claim and all proceeds thereof to Lender, and Borrower shall execute and deliver or cause to be executed and delivered all such documents and take all such actions as Lender shall request in connection therewith.

**3.13 Subsidiaries**. Borrower represents and warrants that on the date hereof it has no Subsidiaries that are not Borrowers hereunder.

**4. ADDITIONAL DUTIES OF BORROWER.**

**4.1 Insurance.** Borrower shall, at all times, insure all of the tangible Collateral and carry and cause its Subsidiaries to carry such other business insurance, with insurers reasonably acceptable to Lender, in such form, amounts, types and kinds as are customarily carried by Persons engaged in the same or similar lines of business, and such other amounts as Lender may reasonably require, and Borrower shall provide evidence of such insurance to Lender, so that Lender is satisfied that such insurance is, at all times, in full force and effect. All such insurance policies shall name Lender as an additional loss payee, and shall contain a lender's loss payee



endorsement in form reasonably acceptable to Lender. Upon receipt of the proceeds of any such insurance, Lender shall apply such proceeds in reduction of the Obligations as Lender shall determine in its sole discretion (provided that upon any application by Lender of such proceeds to reduce the Obligations, no prepayment penalty or prepayment premium otherwise payable under this Agreement shall be payable with respect to such proceeds), except that, provided no Default or Event of Default has occurred and is continuing, Lender shall release to Borrower insurance proceeds with respect to Equipment totaling less than $100,000, which shall be utilized by Borrower for the replacement of the Equipment with respect to which the insurance proceeds were paid. Lender may require reasonable assurance that the insurance proceeds so released will be so used. If Borrower fails to provide or pay for any insurance, Lender may, but is not obligated to, obtain the same at Borrower's expense. Borrower shall promptly deliver to Lender copies of all reports made to insurance companies.

**4.2 Reports.** Borrower shall provide Lender with written reports as set forth in the Schedule, and such other written reports with respect to Borrower (including budgets, sales projections, operating plans and other financial documentation), as Lender shall from time to time reasonably specify.

**4.3 Access to Collateral, Books, and Records.** At reasonable times, and on three (3) Business Days' notice (except if a Default or Event of Default has occurred and is continuing or if Lender in its Good Faith Business Judgment believes or suspects that Borrower has engaged in defalcation, intentional misrepresentation, or fraud, in which case Lender may do the following at any time and without any notice), Lender and its agents, advisors, and representatives shall have the right to (i) inspect the Collateral, (ii) examine, audit, and copy Borrower's corporate, financial, and operating books and records, (iii) enter any of Borrower's properties and evaluate Borrower's assets and operations, and (iv) meet with and discuss Borrower's financial and operational performance and future prospects with Borrower's officers, directors, and independent accountants. All of the foregoing shall be at Borrower's

Lender's option Borrower shall pay, with respect to any Lender employee required therefore, $950 per person per day (or such other amount as shall represent Lender's then current standard charge for the same), provided that for the avoidance of doubt, that such amount shall not be construed as a limitation on the fees or expenses chargeable by Lender's attorneys, auditors, consultants, appraisers, and other experts.

**4.4 Remittance of Proceeds.** All proceeds arising from the sale or other disposition of any Collateral (other than (i) proceeds of the sale of Inventory in the ordinary course of business or the non-exclusive licensing of Intellectual Property in the ordinary course of business, and (ii) proceeds of dispositions of obsolete or unneeded Equipment or other property in the ordinary course of business in an amount not in excess of $50,000 in any fiscal year) shall be delivered, in kind, by Borrower to Lender 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 in such order as Lender shall determine. Nothing in this Section limits the restrictions on disposition of Collateral set forth elsewhere in this Agreement.

**4.5 Negative Covenants.** Borrower shall not do any of the following or permit any Subsidiary to do any of the following:

(i) merge or consolidate with another corporation or entity, except that Borrower may merge into any domestic Borrower;

(ii) acquire any assets, except in the ordinary course of business;

(iii) enter into any other transaction outside the ordinary course of business, except for sales of Borrower's equity securities and Subordinated Debt to Borrower's investors, Subordinated Debt holders, venture capital investors or strategic investors (in each case, on terms and from investors (and/or Subordinated Debt holders) reasonably acceptable to Lender), or

expense, including but not limited to all fees and expenses associated with Lender's attorneys, auditors, consultants, appraisers, and other experts, plus all other reasonable out-of-pocket costs and expenses, provided that Borrower shall not be required to reimburse Lender for the cost of more than one such audit in any six-month period, except that such limitation shall not apply if any Default or Event of Default has occurred and is continuing, or if Lender has a good faith belief that a Default or Event of Default has occurred and is continuing. In addition, following an Event of Default, at

in a public offering; in all cases, subject to Section 6.1(l);

(iv) sell or transfer any assets other than sales of Inventory in the ordinary course of business (except that, provided no Default or Event of Default has occurred and is continuing, Borrower may do the following in good faith arm's-length transactions, in the ordinary course of business: (A) enter into non-exclusive licenses with respect to its Intellectual Property; (B) trade-in or dispose of obsolete or unneeded Equipment; and (C) transfers constituting Permitted Liens and Permitted Investments);

(v) store any Inventory or other Collateral with any warehouseman or other third party unless there is in place an agreement by such warehouseman or other third party in favor of Lender waiving any liens or other rights



on such Inventory or other Collateral, providing Lender reasonable access to such Inventory or other Collateral, and containing such other provisions as Lender shall specify in its Good Faith Business Judgment, provided that such an agreement shall not be required with respect to any location where the aggregate gross value of assets is not in excess of $100,000 or with respect to any of Borrower's gunshot location system installations done in the ordinary course of business;

(vi) make any loans of any money or other assets to, or purchase the stock or other securities of, or make any other investment in, any other Person, except that Borrower may make loans to, or purchase the stock or other securities of, or make any other investment in any other domestic Borrower, and may make Permitted Investments;

(vii) guarantee or otherwise become liable with respect to the obligations of another Person;

(viii) pay or declare any dividends or make any distributions with respect to the equity interests of Borrower (other than dividends and distributions payable solely in equity interests in Borrower), except that Borrower may pay dividends to any other domestic Borrower;

(ix) redeem, retire, purchase, or otherwise acquire, directly or indirectly, any of Borrower's stock or any equity interest in Borrower, except for repurchases of stock of investors to the extent such repurchases do not exceed $100,000 in the aggregate in any fiscal year of Borrower;

(x) subject to sales of Borrower's equity permitted under clause (iii) above, make any change in Borrower's capital structure;

(xi) incur or permit to be outstanding any Indebtedness other than Permitted Indebtedness, or create, incur, assume, or permit to exist any liens, charges, security interests, encumbrances, or adverse claims on any of its properties, assets, or rights, except for the security interest(s) in favor of Lender and Permitted Liens;

(xii) create a Subsidiary of Borrower or permit a Subsidiary of Borrower to be created, unless: (A) such Subsidiary executes and delivers to Lender a continuing guaranty with respect to the Obligations and a Security Agreement granting Lender a first-priority security interest in all of such Subsidiary's assets (subject only to Permitted Liens), or such Subsidiary becomes a co-borrower hereunder, as selected by Lender; (B) the stock or other equity interests of such Subsidiary are pledged to Lender as security for the Obligations, Subsidiary execute and deliver to Lender such other amendments to this Agreement and other agreements as Lender may require;

(xiii) make or permit any material change in the nature of its business or commence any new type of business materially different from its business at the date of this Agreement;

(xiv) enter into or permit to exist any transaction with any of its Affiliates except: (a) as expressly permitted by this Agreement (including, without limitation, sales of Borrower's equity securities and incurrence of Subordinated Debt pursuant to clause (iii) above), (b) transactions, in the ordinary course of business and pursuant to the reasonable requirements of the business of Borrower or such Subsidiary, that are (i) on fair and reasonable terms no less favorable to Borrower or such Subsidiary than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate of Borrower or such Subsidiary and (ii) disclosed in writing to Lender, and (c) transactions among domestic Borrowers;

(xv) maintain or establish any bank accounts or other Deposit Accounts, other than the SVB Accounts, that are not subject to an account control agreement in favor of Lender in form and substance satisfactory to Lender;

(xvi) forgive (completely or partially), compromise, or settle any Account for less than payment in full, except that Borrower may do so, in a commercially reasonable manner in the ordinary course of business, in good faith arm's-length transactions;

(xvii) subject to Permitted Liens and standard terms of over-the-counter, non-exclusive licenses and similar third party agreements, enter into or permit to exist any agreement or contractual obligation that prohibits or restricts the existence of any liens, charges, security interests, encumbrances, or adverse claims in favor of Lender;

(xviii) reincorporate or reorganize in another state;

(xix) dissolve or elect to dissolve; or

(xx) agree to do any of the foregoing, unless Borrower has obtained Lender's prior written consent thereto.

**4.6 Litigation Cooperation.** Should any third-party suit or proceeding be instituted by or against Lender with respect to any Collateral or in any manner relating to Borrower or any of its Subsidiaries, Borrower shall, without expense to Lender,

in each case pursuant to documentation in such form as Lender shall reasonably specify; and (C) the Borrower and such

make available Borrower, its Subsidiaries and their respective officers, employees and agents, and Borrower's and each Subsidiaries' books and



records, without charge, to the extent that Lender may deem them reasonably necessary in order to prosecute or defend any such suit or proceeding.

**4.7 Notification of Changes.** Borrower will promptly notify Lender in writing of any (i) change in its executive officers or directors, (ii) development or acquisition by Borrower or any Subsidiary of any new Intellectual Property or any Subsidiary, (iii) Material Adverse Change, and (iv) Default or Event of Default.

**4.8 Financial Covenants.** Borrower shall comply with all of the Financial Covenants and all other covenants and provisions set forth in the Schedule.

**4.9 Landlord Agreements.** Subject to Sections 3.3 and 4.5(v), Borrower shall, from time to time, upon Lender's request, obtain written waivers and agreements from Borrower's landlords, on such form and containing such provisions as Lender shall specify; provided that (x) with respect to Borrower's leased location in effect as of the Closing Date, Borrower shall deliver to Lender the landlord consent (or similar), in form and content reasonably acceptable to Lender, within 5 Business Days after the Closing Date; and (y) with respect to leases entered into after the Closing Date, except with respect to Borrower's headquarters or locations where the value of assets exceeds $250,000, Borrower shall use commercially reasonable efforts to obtain such waivers and agreements.

**4.10 Board Observation Rights.** Borrower shall notify Lender in writing at least 10 Business Days in advance of the time and place of any regularly scheduled meeting, or as soon as reasonably possible of any unscheduled meeting, of the Board of Directors or any similar governing body of Borrower or any Subsidiary (including without limitation telephone, conference call, and video meetings), and Lender shall have the right to have a representative attend all meetings of the Board of Directors of any similar governing body of Borrower or any Subsidiary (including without limitation telephone, conference call, and video meetings), in a nonvoting-observer capacity; provided, however, that such representative shall agree to hold in confidence and trust all information so provided; and provided further, that the Borrower reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could reasonably be expected to adversely affect the attorney-client privilege between the Borrower and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such representative is a competitor of the Borrower. Borrower shall give Lender copies of all notices, minutes, consents and other materials Borrower or any Subsidiary provides to its directors in connection with said meetings, at the same

time such materials are provided to such directors; provided, however, that such representative shall agree to hold in confidence and trust all information so provided; and provided further, that the Borrower reserves the right to withhold any information if access to such information could reasonably be expected to adversely affect the attorney-client privilege between the Borrower and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such representative is a competitor of the Borrower. Any information provided to Lender shall be subject to the confidentiality provisions of Section 8.3 of this Agreement.

**4.11 Further Assurances.** Borrower agrees, at its expense, on request by Lender, to execute all documents and take all actions, and to cause each of its Subsidiaries to execute all documents and take all actions, as Lender may deem reasonably necessary or useful in order for Lender to obtain, perfect, and maintain a perfected security interest in the Collateral, and in order to fully consummate the transactions contemplated by this Agreement.

**4.12 Indemnity**. Borrower hereby agrees to indemnify the Lender and its affiliates, subsidiaries, parent, directors, officers, employees, agents, and attorneys (collectively, the "Indemnitees") against, and to hold them harmless from and against, any and all claims, debts, liabilities, demands, obligations, actions, causes of action, penalties, costs, and expenses (including consultants', experts', and attorneys' fees and expenses (including attorneys' fees and expenses incurred by Indemnitees as a result of any suit or other action brought by Borrower or its affiliates)) of every nature, character and description that any Indemnitee may sustain or incur based upon or arising out of any of the Obligations, the Loan Documents, any relationship or agreement between Lender and Borrower or any Affiliate, or any other matter, cause or thing whatsoever occurred, done, omitted, or suffered to be done by any Indemnitee relating to Borrower, its Affiliates, or the Obligations*, in all cases whether or not caused by or arising as a result of the applicable Indemnitee's negligence*; provided that the indemnity hereunder to an Indemnitee shall not extend to damages proximately caused by such Indemnitee's own gross negligence or willful misconduct as determined by a final non-appealable judgment from a court of competent jurisdiction as set forth hereunder. Notwithstanding any provision in this Agreement to the contrary, the indemnity agreement set forth in this Section shall survive any termination of this Agreement and shall for all purposes continue in full force and effect.

**5. TERM.**

**5.1 Maturity Date.** On the maturity date set forth in the Schedule (the "Maturity Date") or any earlier



occurrence of any Event of Default pursuant to which Lender has accelerated the Obligations pursuant to Section 7.2 of this Agreement, Borrower shall pay and perform in full all Loans then outstanding and all other Obligations, whether or not all or

(e) Except as otherwise provided in Section 6.1(d), Borrower shall fail to perform any non-monetary Obligation within five Business Days after the date due;

any part of such Obligations are otherwise then due and payable, and thereafter no further Loans will be made.

**5.2 Prepayment of Term Loan.** Borrower shall have the option of prepaying principal amounts of the Term Loan prior to the Maturity Date, in whole or in part, provided that Borrower concurrently pays Lender (i) all accrued and unpaid interest on the principal so prepaid and (ii) the prepayment fees set forth on the Schedule. Prepayments of the Term Loan shall be applied to the principal installments due on the Term Loan in the inverse order of their maturity.

**5.3 Termination Statements.** Upon payment and performance in full of all the Obligations (other than inchoate indemnity obligations) and the termination of Lender's obligations to make disbursements of the Loan, Lender shall cooperate in promptly executing and returning to Borrower such UCC termination statements and such other documents as may be reasonably provided and requested by Borrower as required to terminate Lender's security interests in the Collateral.

**6. EVENTS OF DEFAULT AND REMEDIES.**

**6.1 Events of Default.** The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement:

(a) Any warranty, representation, statement, report or certificate made or delivered to Lender by Borrower or any of its Subsidiaries or any of their respective officers, employees, or agents, now or in the future, shall be untrue or misleading in a material respect when made or deemed to be made (it being recognized by Lender that any 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);

(b) Borrower shall fail to pay (i) any principal payment on any Loan on the date due or (ii) any interest payment on any Loan within three Business Days after the date due;

(c) Borrower shall fail to pay any other monetary Obligation, within three Business Days after the date due;

(d) Borrower shall fail to comply with any provision under Sections 4.1, 4.2, 4.3, 4.5, 4.7, 4.8, or 4.10 hereof;

(f) any levy, assessment, attachment, seizure, lien or encumbrance (other than a Permitted Lien) is made on all or any part of the Collateral or any asset of Borrower or any Subsidiary, having a value, individually or in the aggregate, of more than $50,000, that is not cured, discharged or stayed (whether through posting of a bond or otherwise) within ten (10) days after the occurrence of the same;

(g) Borrower or any Subsidiary breaches any material contract or obligation that has caused or could reasonably be expected to cause a Material Adverse Change;

(h) a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of $50,000 or more shall be rendered against Borrower or any Subsidiary and shall remain unsatisfied and unstayed for a period of ten (10) after the entry thereof;

(i) dissolution, termination of existence, insolvency, or temporary or permanent suspension of business of Borrower or any Subsidiary; or appointment of a receiver, trustee, liquidator, conservator, or custodian for all or any part of the property of, assignment for the benefit of creditors by, or the commencement of any Insolvency Proceeding by or against, Borrower or any Subsidiary;

(j) revocation or termination of, or limitation or denial of liability upon, or default under, any guaranty of the Obligations or any attempt to do any of the foregoing, or commencement of any Insolvency Proceeding by or against any such guarantor;

(k) revocation or termination of, or limitation or denial of liability upon, or default under, any pledge of any certificate of deposit, securities, money or other property or asset pledged by any third party to secure any or all of the Obligations, or any attempt to do any of the foregoing, or commencement of any Insolvency Proceeding by or against any such third party;

(l) a Change in Control shall occur;

(m) Borrower or any Subsidiary shall generally not pay its debts as they become due, or Borrower or any Subsidiary shall conceal, remove, or transfer any part of its property with intent to hinder, delay, or defraud its creditors, or make or suffer any transfer of any of its property in any way that may be fraudulent under any bankruptcy, fraudulent conveyance, or similar law;

(n) a Material Adverse Change shall occur;



(o) Borrower makes any payment on account of any indebtedness or obligation that has been subordinated to the Obligations other than as permitted in the applicable subordination agreement, or if any Person who has subordinated such indebtedness or obligations terminates or in any way limits, attempts to limit, or repudiates any of its or his obligations to Lender with respect to such subordination;

(p) an event of default shall occur and be continuing under any other Loan Document (after giving effect to, but without duplication of, grace periods under such other Loan Document applicable thereto);

(q) any default or event of default shall occur under any document, instrument or agreement relating to any Permitted Lien securing an amount in excess of $50,000, that is

for that purpose Borrower hereby authorizes Lender without judicial process to enter onto any of Borrower's premises without interference to search for, take possession of, keep, store, or remove any of the Collateral, and remain on the premises or cause a custodian to remain on the premises in exclusive control thereof, without charge for so long as Lender deems it reasonably necessary in order to complete the enforcement of its rights under this Agreement or any other agreement; provided, however, that should Lender seek to take possession of any of the Collateral by court process, Borrower hereby irrevocably waives: (i) any bond and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession; (ii) any demand for possession prior to the commencement of any suit or action to recover possession thereof; and (iii) any requirement that Lender retain possession of, and not dispose of, any such Collateral until

not cured within any applicable cure period, if such default or event of default results in the right by the counterparty to such document, instrument or agreement to accelerate the maturity of the Indebtedness underlying such Lien, whether or not exercised; or

(r) any default or event of default shall occur under any document, instrument, or agreement relating to any Indebtedness in an amount in excess of $100,000, that is not cured within any applicable cure period, if such default or event of default results in the right by the counterparty to such document, instrument or agreement to accelerate the maturity of such Indebtedness, whether or not exercised .

**6.2 Remedies.** Upon the occurrence and during the continuance of any Event of Default, Lender, at its option, and without notice or demand of any kind (all of which are hereby expressly waived by Borrower), may do any one or more of the following: (a) cease making Loans or otherwise extending credit to Borrower under this Agreement or any other document or agreement, and declare all or any portion of Lender's commitment to make any Loan hereunder to be terminated; (b) accelerate and declare all or any part of the Obligations to be immediately due, payable, and performable; (c) accelerate or extend the time of payment of, compromise, issue credits on, or bring suit on the Accounts and other Collateral (in the name of Borrower or Lender), settle or adjust disputes or claims directly with Account Debtors for amounts and upon terms which it considers advisable, and notify Account Debtors on the Accounts and other Collateral that the Accounts and Collateral have been assigned to Lender, and that payments in respect thereof shall be made directly to Lender, and otherwise administer and collect the Accounts and other Collateral; (d) collect, receive, dispose of and realize upon any Investment Property, including withdrawal of any and all funds from any securities accounts; (e) take possession of any or all of the Collateral wherever it may be found, and after trial or final judgment; (f) require Borrower to assemble any or all of the Collateral and make it available to Lender at places designated by Lender which are reasonably convenient to Lender and Borrower, and to remove the Collateral to such locations as Lender may deem advisable; (g) complete the processing, manufacturing or repair of any Collateral prior to a disposition thereof and, for such purpose and for the purpose of removal, Lender shall have the right to use Borrower's premises, vehicles, equipment and all other property without charge; (h) sell, lease or otherwise dispose of any of the Collateral, in its condition at the time Lender obtains possession of it or after further manufacturing, processing or repair, at one or more public and/or private sales, in lots or in bulk, for cash, exchange or other property, or on credit, and to adjourn any such sale from time to time without notice other than oral announcement at the time scheduled for sale; or (i) undertake to, or engage consultants and other experts to, analyze, evaluate and report upon Borrower, its business plans, forecasts, viability, valuation, and any planned measures to address any Event of Default hereunder. Notwithstanding anything to the contrary contained herein, in the case of an Event of Default under Section 6.1(i), all Obligations shall automatically become due and payable without further action by Lender. Lender shall have the right to conduct dispositions under subsection (h) above on Borrower's premises without charge to Lender, for such periods and at such time or times as Lender deems reasonable, or on Lender's premises or elsewhere, and the Collateral need not be located at the place of disposition. Lender may directly or through any affiliated company purchase or lease any Collateral at any such public disposition, and if permissible under applicable law, at any private disposition. Any sale or other disposition of Collateral shall not relieve Borrower of any liability Borrower may have if any Collateral is defective



as to title or physical condition or otherwise at the time of sale. All reasonable fees, expenses, costs, liabilities and obligations, including but not limited to reasonable attorneys' fees, incurred by Lender with respect to the foregoing shall be added to and become part of the Obligations, shall be due on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations. Without limiting any of Lender's rights and remedies, from and after the occurrence and during the continuance of any Event of Default, the interest rate applicable to the Obligations shall, at Lender's election at any time, be increased by an additional five percent (5%) per annum as of the date of the occurrence of such Event of Default. In addition, if any payment of principal or accrued interest is not made within ten (10) days after the date due, or if any payment of any other Obligations is not made within thirty (30) days after written request therefor, Borrower shall pay Lender a late payment fee equal to five percent (5%) of the amount of such late payment. Nothing herein shall be construed as Lender's consent to Borrower's failure to pay any amounts when due, and Lender's acceptance of any such late payments shall not restrict Lender's exercise of any remedies arising out of any such failure.

**6.3 Standards for Determining Commercial Reasonableness.** Borrower and Lender agree that a sale or other disposition (collectively, "sale") of any Collateral which complies with the following standards will be conclusively deemed to be commercially reasonable: (i) notice of the sale is given to Borrower at least seven (7) days prior to the sale, and, Borrower recognizes that Lender may be unable to make a public sale of any or all of the Investment Property, by reason of prohibitions contained in applicable securities laws or otherwise, and expressly agrees that a private sale to a restricted group of purchasers for investment and not with a view to any distribution thereof shall be considered a commercially reasonable sale thereof. If an Event of Default shall occur and be continuing, Lender shall have the right to (i) transfer and register any or all of the Investment Property in the name of Lender or its nominee, it being acknowledged by each Borrower (in its capacity as Borrower and, if Borrower is an issuer of any Investment Property, as the issuer) that such transfer and registration may be effected by Lender through the power of attorney granted pursuant to this Agreement, (ii) exercise, or permit its nominee to exercise, all voting and other rights pertaining to such Investment Property as a holder of such Investment Property, with full power of substitution to do so, including giving or withholding written consents of stockholders, partners or members, calling special meetings of stockholders, partners or members and voting at such meetings) and otherwise act with respect to the Investment Property as if Lender were the outright owner thereof and (iii) exercise, or permit its nominee to exercise, any and all rights of conversion, exchange, and subscription and any other rights, privileges or options pertaining to such Investment Property (including the right to exchange any and all of the Investment Property in connection with any merger, consolidation, reorganization, recapitalization or other fundamental change, and in connection therewith, the right to deposit and deliver any and all of the Investment

in the case of a public sale, notice of the sale is published at least seven (7) days before the sale in a newspaper of general circulation in the county where the sale is to be conducted; (ii) notice of the sale describes the collateral in general, non-specific terms; (iii) the sale is conducted at a place designated by Lender, with or without the Collateral being present; (iv) the sale commences at any time between 8:00 a.m. and 6:00 p.m.; and (v) with respect to any sale of any of the Collateral, Lender may (but is not obligated to) direct any prospective purchaser to ascertain directly from Borrower any and all information concerning the same. Lender shall be free to employ other methods of noticing and selling the Collateral, in its discretion, if they are commercially reasonable.

**6.4 Investment Property.** If an Event of Default has occurred and is continuing, Borrower shall hold in trust for Lender, and Lender shall have the right to receive, all payments on, proceeds of, and distributions with respect to, Investment Property, and Borrower shall deliver all such payments, proceeds and distributions to Lender, immediately upon demand, in their original form, duly endorsed (if necessary), to be applied to the Obligations in such order as Lender shall determine.

Property with any committee, depositary, transfer Lender, registrar or other designated agency upon such terms and conditions as Lender may determine).

**6.5 Power of Attorney.** Borrower grants to Lender an irrevocable power of attorney coupled with an interest, authorizing and permitting Lender (acting through any of its employees, attorneys, or agents) at any time, at its option, but without obligation, with or without notice to Borrower, and at Borrower's expense, to do any or all of the following, in Borrower's name or otherwise: (a) execute on behalf of Borrower any documents that Lender may, in its Good Faith Business Judgment, deem advisable in order to obtain, perfect, and maintain a first priority security interest in the Collateral, or in order to exercise a right of Borrower or Lender, or in order to fully consummate all the transactions contemplated under this Agreement, or under any and all other present and future agreements, to execute and deliver to any securities intermediary or other Person any entitlement order, account control agreement, or other notice, document, or instrument with respect to any Investment Property constituting Collateral, to make any payment or take any action necessary or desirable to protect or preserve any



Collateral and any existing or future security interest of Lender therein or the priority thereof, or in order to fully consummate all the transactions contemplated under this Agreement or any other Loan Document or to exercise any remedies available to Lender under this Agreement, the other Loan Documents, or applicable law; (b) after the occurrence and during the continuance of any Event of Default, without limiting Lender's other rights and remedies, do any of the following: (i) take control in any manner of any cash or non-cash items of payment or proceeds of Collateral; endorse the name of Borrower upon any instruments, or documents, evidence of payment or Collateral that may come into Lender's possession; (ii) grant extensions of time to pay, compromise claims, and settle Accounts, General Intangibles and Other Property for less than face value and execute all releases and other documents in connection therewith; (iii) pay any sums required on account of Borrower's taxes or to secure the release of any liens therefor; (iv) settle and adjust, and give releases of, any insurance claim that relates to any of the Collateral and obtain payment therefor; and (v) (1) vote the Investment Property in any manner Lender deems advisable for or against all matters submitted or which may be submitted to a vote of shareholders, partners or members, as the case may be, (2) transfer and register in its name or in the name of its nominee the whole or any part of the Investment Property, (3) sell any portion of the Investment Property, (4) receive and collect any dividend or other payment or distribution in respect of or in exchange for the Investment Property and (5) take all such other actions with respect to Investment Property authorized under this Agreement or the other Loan Documents.

**6.6 Application of Proceeds.** All proceeds realized as the result of any sale or other disposition of the Collateral, and any payments received after the Obligations have been accelerated pursuant to Section 7.2 of this Agreement, shall be applied by Lender first to the reasonable costs, expenses, liabilities, obligations, and attorneys' fees incurred by Lender in the exercise of its rights under this Agreement, second to the interest due upon any of the Obligations, and third to the principal of the Obligations, in such order as Lender shall determine in its sole discretion. Any surplus shall be paid to Borrower or other Persons legally entitled thereto, provided, however, that Borrower shall remain liable to Lender for any deficiency. If Lender, in its sole discretion, directly or indirectly

**6.7 Remedies Cumulative.** In addition to the rights and remedies set forth in this Agreement, Lender shall have all the other rights and remedies accorded a secured party under the Code and under all other applicable laws, and under any other instrument or agreement now or in the future entered into between Lender and Borrower, and all of such rights and remedies are cumulative and none is exclusive. Exercise or partial exercise by Lender of one or more of its rights or remedies shall not be deemed an election, nor bar Lender from subsequent exercise or partial exercise of any other rights or remedies. The failure or delay of Lender to exercise any rights or remedies shall not operate as a waiver thereof, but all rights and remedies shall continue in full force and effect until all of the Obligations (other than inchoate indemnity obligations) have been fully paid and performed.

**7. DEFINITIONS. AS USED IN THIS AGREEMENT, THE FOLLOWING TERMS HAVE THE FOLLOWING MEANINGS:**

"Accounts" means all "accounts" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made (whether or not earned by performance), and all guaranties and other security therefor, and all rights of stoppage in transit and all other rights or remedies of an unpaid vendor, lienor or secured party.

"Account Debtor" means the obligor on an Account.

"Affiliate" means any Person controlling, controlled by or under common control with Borrower. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause direction of the management and policies of any Person, whether through ownership of common or preferred stock or other equity interests, by contract or otherwise. Without limiting the generality of the foregoing, each of the following shall be an Affiliate: any officer, director, member, manager, employee or other agent of Borrower, any shareholder, equityholder, or Subsidiary of Borrower, and any other Person with whom or which Borrower has common shareholders, equityholders, officers, directors, members, or managers.

"Agreement" and "this Agreement" means this Loan and

enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Lender shall have the option, exercisable at any time, in its sole discretion, 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 Lender of the cash therefor.

Security Agreement and all Exhibits and Schedules hereto and all modifications and amendments to, extensions of, and replacements for this Agreement.

"Base Rate" means, during each month, the greatest of the following: (a) the highest Prime Rate in effect during such month, or (b) the highest LIBOR Rate in effect during such month, plus 2.50% per annum.



"Business Day" means any day other than a Saturday, Sunday or any other day on which commercial banks in New York are required or permitted by law to close.

"Change in Control" means: (i) a change in the record or beneficial ownership of an aggregate of more than 49% of the outstanding shares of stock of Borrower, in one or more transactions, compared to the ownership of outstanding shares of stock of Borrower in effect on the date hereof; or (ii) a transaction in which any "person" or "group" (within the meaning of Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of a sufficient number of shares of all classes of stock then outstanding of Borrower ordinarily entitled to vote in the election of directors, empowering such "person" or "group" to elect a majority of the Board of Directors of Borrower, who did not have such power before such transaction (other than in the case of both (i) and (ii) by the sale of Borrower's equity securities in a public offering or to venture capital or strategic investors so long as Borrower identifies to Lender the venture capital or strategic investors prior to the closing of the transaction and provides to Lender a description of the material terms of the transaction (which such investors and terms are reasonably acceptable to Lender)).

"Code" means the Uniform Commercial Code as adopted and in effect in the State of New York on the date hereof and from time to time.

"Collateral" has the meaning set forth in Section 2.1 above.

"continuing" and "during the continuance of" when used with reference to a Default or an Event of Default means that the Default or Event of Default has occurred and has not been either waived in writing by Lender or cured within any applicable cure period.

"Default" means any event which with notice or passage of time or both, would constitute an Event of Default.

"Deposit Account" means all "deposit accounts" and "securities accounts" 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 general and special bank accounts, demand accounts, checking accounts, savings accounts and certificates of deposit.

"Equipment" means all "equipment" 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 machinery, fixtures, goods, vehicles, and any interest in any of the foregoing.

"Event of Default" means any of the events set forth in Section 6.1 of this Agreement.

"Foreign Subsidiaries" means any subsidiaries organized under the laws of a jurisdiction other than the United States or any state or territory thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), which are applicable to the circumstances as of the date of determination.

"General Intangibles" means 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, Deposit Accounts, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, licenses, permits, domain names, claims, income tax refunds, security and other deposits, 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 other kind.

"Good Faith Business Judgment" means Lender's business judgment, exercised honestly and in good faith and not arbitrarily. Borrower shall have the burden of proof in any claim that Lender did not exercise Good Faith Business Judgment.

"Indebtedness" means (a) indebtedness for borrowed money or the deferred price of property or services (other than trade payables in the ordinary course of business and not past due more than 60 days), (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, (d) obligations relating to outstanding letters of credit and surety bonds, (e) 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, and (f) obligations under guaranties, indemnity agreements and similar agreements (other than reasonable and customary indemnification provisions in agreements with third parties).

"Insolvency Proceeding" means any proceeding commenced by or against any Person or entity under any

provision of the United States Bankruptcy Code, as amended, or under any other state, federal or other bankruptcy or insolvency law, now or hereafter in effect, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, readjustment of debt, dissolution or liquidation, or other relief.

"Intellectual Property" means all (a) copyrights, copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, (b) trade secret rights, including all rights to unpatented inventions and know-how, and confidential information; (c) mask work or similar rights available for the protection of semiconductor chips; (d) patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same; (e) trademarks, servicemarks, trade styles, and trade names, whether or not any of the foregoing are registered, and all 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 any such trademarks; (f) computer software and computer software products; (g) designs and design rights; (h) technology; (i) all claims for damages by way of past, present and future infringement of any of the rights included above; and (j) all licenses or other rights to use any property or rights of a type described above.

"Inventory" means 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 Property" means all of the following, now owned and hereafter acquired by Borrower: all investment property, securities, stocks, bonds, debentures, debt securities, partnership interests, limited liability company interests (including any economic rights, voting rights, access or information rights, and any other options or rights of any nature whatsoever, and any all rights, powers, interests, and remedies under any organizational documents of such limited liability company), options, security entitlements, securities accounts, commodity contracts, commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, and all other securities of every kind, whether certificated or uncertificated, including without limitation equity interests in Subsidiaries.

"IP Agreement" means that certain Intellectual Property Security Agreement dated of even date herewith by and between Borrower and Lender.

"LIBOR Rate" means (i) the three-month London Interbank Offered Rate for deposits in U.S. dollars, as shown each day in The Wall Street Journal (Eastern Edition) under the caption 'Money Rates - London Interbank Offered Rates (LIBOR)'; or (ii) if the Wall Street Journal does not publish such rate, the offered three-month rate for deposits in U.S. dollars which appears on the Reuters Screen LIBO Page as of 10:00 a.m., New York time, each day, provided that if at least two rates appear on the Reuters Screen LIBO Page on any day, the 'LIBOR Rate' for such day shall be the arithmetic mean of such rates; or (iii) if the Wall Street Journal does not publish such rate on a particular day and no such rate appears on the Reuters Screen LIBO Page on such day, the rate as comparable to the foregoing, as determined in good faith by Lender (which determination shall be conclusive absent manifest error).

"Loan Documents" means this Agreement, the IP Agreement, the Warrant, all landlord agreements, account control agreements, and all other present and future documents, instruments and agreements securing or evidencing any Loan or otherwise relating hereto, including without limitation all present and future guaranties of any Obligations, and all present and future documents, instruments and agreements securing or relating to any such guaranties.

"Material Adverse Change" means (i) a material adverse change in the business, operations, results of operations, assets, liabilities or financial condition of Borrower, (ii) the impairment of Borrower's ability to perform the Obligations, or of Lender to enforce the Obligations or realize upon the Collateral, or (iii) a material adverse change in the value of the Collateral or the amount that Lender would be likely to receive in the liquidation of the Collateral.

"Maturity Date" has the meaning set forth in Section 6.1 above.

"Obligations" means the Term Loan and all other present and future Loans, advances, debts, liabilities, obligations, guaranties, covenants, duties and indebtedness at any time owing by Borrower or any of its Subsidiaries or Affiliates to Lender or its parent or any of its subsidiaries or affiliates, whether evidenced by this Agreement or any note or other instrument or document, whether arising from an extension of credit, loan, guaranty, indemnification or otherwise, whether direct or indirect (including, without limitation, those acquired by assignment and any participation by Lender in Borrower's indebtedness or obligations owing to others), absolute or contingent, due or to become due, including, without limitation, all interest, charges, expenses, fees, attorneys' fees, expert witness fees, audit fees, consulting fees, appraisal fees, loan fees, prepayment fees, and any other sums paid or incurred by Lender pursuant to the exercise of its rights hereunder or under any other Loan Documents or applicable law, or chargeable to Borrower under this Agreement or under any other present or future instrument or agreement between Borrower and Lender. Notwithstanding anything to the contrary contained herein, the term "Obligations" shall not include any obligations of Borrower under the Warrant or any equity-related document executed in connection with the Warrant.



from the date of investment therein, (iv) bank money market accounts, and (v) Investments in regular deposit or checking accounts held with a bank; (c) Repurchases of stock permitted by this Agreement; (d) Investments by a Borrower in another Borrower; (e) Investments not to exceed $10,000 outstanding in the aggregate at any time consisting of travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business; (f) 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 Borrower's business; and (g) Joint ventures or strategic alliances in the ordinary course of Borrower's business

"Other Property" means all of the following as defined in the Code, and all rights relating thereto: "documents", "instruments", "goods", "chattel paper", "letters of credit", "fixtures", and "money", and all other tangible and intangible personal property and rights of any other kind that are not included in the other items of Collateral, whether or not covered by the Code.

"Permitted Indebtedness" means: (a) Borrower's Indebtedness to Lender under this Agreement or any other Loan Document; (b) unsecured Indebtedness existing on the date hereof in a total principal amount not in excess of $100,000; (c) Subordinated Debt in an amount not to exceed $100,000; (d) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business; (e) capitalized leases and purchase money Indebtedness secured by Permitted Liens in an aggregate amount not exceeding $100,000 at any time outstanding; (f) Indebtedness in connection with Borrower's credit card accounts with Silicon Valley Bank up to an aggregate of Thirty Thousand Dollars ($30,000); and (g) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (b) through (f) above, provided that the principal amount thereof is not increased and the terms thereof are not modified to impose more burdensome terms upon Borrower.

"Permitted Investment" means:

(a) Investments existing on the date hereof disclosed on Exhibit A; (b) (i) Marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (iii) bank certificates of deposit maturing no more than one year consisting of the exclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash investments by Borrower do not exceed $300,000 in the aggregate in any fiscal year.

"Permitted Liens" shall mean the following: (i) purchase money security interests in specific items of Equipment; (ii) leases of specific items of Equipment; (iii) liens for taxes, fees, assessments, or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings (which proceedings have the effect of preventing the enforcement of such lien) for which adequate reserves in accordance with GAAP are being maintained, provided the same have no priority over any of Lender's security interests; (iv) liens of materialmen, mechanics, carriers, or other similar liens arising in the ordinary course of business and securing obligations which are not delinquent or are being contested in good faith by appropriate proceedings (which proceedings have the effect of preventing the enforcement of such lien) for which adequate reserves in accordance with GAAP are being maintained, (v) liens of warehousemen, arising in the ordinary course of business and securing obligations which are not delinquent or are being contested in good faith by appropriate proceedings (which proceedings have the effect of preventing the enforcement of such lien) for which adequate reserves in accordance with GAAP are being maintained provided the warehouse has executed and delivered to Lender an agreement in favor of Lender waiving any such lien as against Lender, (vi) liens which constitute banker's liens, rights of set-off, or similar rights as to deposit accounts or other funds maintained with a bank or other financial institution (but only to the extent such banker's liens, rights of set-off or other rights are in respect of customary service charges relative to such deposit accounts and other funds, and not in respect of any loans or other extensions of credit by such bank or other financial institution to Borrower), (vii) cash deposits or pledges of an aggregate amount not to exceed $100,000 to secure the payment of



worker's compensation, unemployment insurance, or other social security benefits or obligations, public or statutory obligations, surety or appeal bonds, bid or performance bonds, or other obligations of a like nature incurred in the ordinary course of business, (viii) liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default, (ix) non-exclusive licenses or sublicenses granted in the ordinary course of Borrower's business and, with respect to any licenses under which Borrower is a licensee, the interest or title of the licensor under such license or sublicense, (x) leases or subleases of real property granted in the ordinary course of Borrower's business, including in connection with Borrower's leased premises or leased property, (xi) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and other similar liens affecting real property not interfering in any material respect with the ordinary conduct of the business of Borrower, (xii) cash collateral securing credit card obligations permitted under clause (f) of Permitted Indebtedness; and (xiii) liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in the foregoing clauses, provided that any extension, renewal or replacement lien shall be limited to the property encumbered by the existing lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, limited liability company,

"Subordinated Debt" means Indebtedness which is on terms acceptable to Lender in its Good Faith Business Judgment, and which is subordinated to the Obligations pursuant to a Subordination Agreement between the holder of such Indebtedness and Lender in such form as Lender shall specify in its Good Faith Business Judgment.

"Subsidiary" of Borrower means any corporation, partnership, limited liability company, or other entity or organization directly or indirectly controlled by Borrower.

"SVB Accounts" means Borrower's accounts maintained with Silicon Valley Bank, numbered 3300818486 and 3301207347; provided that the aggregate balance in such accounts does not exceed $40,000.

"Warrant" means that certain Warrant to Purchase Stock dated of even date herewith, issued by Borrower in favor of ORIX Finance Equity Investors, LP, a Delaware limited partnership.

Other Terms. All accounting terms used in this Agreement, unless otherwise indicated, shall have the meanings given to such terms in accordance with GAAP. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code, to the extent such terms are defined therein.

unincorporated organization, association, corporation, government, or any agency or political division thereof, or any other entity.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Citibank N.A., or, if not available, another major money center bank in New York City selected by Lender in its sole discretion, as its prime rate in effect (said prime rate not being intended to be the lowest rate of interest charged by the referenced bank in connection with extensions of credit), or if such rate is not available, by a reasonable alternative means of determining the rate of interest selected by Lender in its sole discretion.

"Representations" means the written Representations and Warranties previously delivered by Borrower to Lender dated August 4, 2015.

"Solvent" means that all of the following are true: (i) the fair salable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; (ii) Borrower is not left with unreasonably small capital after the transactions in this Agreement; and (iii) Borrower is able to pay its debts (including trade debts) as they mature

**8. GENERAL PROVISIONS.**

**8.1 Payments.** All payments with respect to the Obligations shall be made to Lender by wire transfer in accordance with written instructions from Lender. Payments may be applied and reversed and re-applied, to the Obligations, in such order and manner as Lender shall determine in its Good Faith Business Judgment. If a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day, and interest shall be payable thereon during such extension.

**8.2 [Reserved]**

**8.3 Confidentiality**. Lender agrees to use the same degree of care that it exercises with respect to its own proprietary information, to maintain the confidentiality of any and all proprietary, trade secret or confidential information provided to or received by Lender from Borrower that indicates that it is confidential or should reasonably be understood to be confidential, including business plans and forecasts, non-public financial information, confidential or secret processes, formulae, devices and contractual information, customer lists, and employee relation matters, provided that Lender may disclose such information to its officers, directors, managers, members, employees, attorneys, accountants, affiliates, participants, prospective participants, assignees, and prospective assignees, and such other Persons to whom Lender shall at any time be required to make such



disclosure in accordance with applicable law, and provided, that the foregoing provisions shall not apply to disclosures made by Lender in its Good Faith Business Judgment in connection with the enforcement of its rights or remedies after an Event of Default. The confidentiality agreement in this Section supersedes any prior confidentiality agreement of Lender relating to Borrower.

**8.4 [Reserved]**

**8.5 Notices.** All notices to be given under this Agreement shall be in writing and shall be given either personally or by reputable private delivery service or by regular first-class mail, or certified mail return receipt requested, addressed as follows: (a) if to Borrower, at its address shown in the heading to this Agreement; and (b) if to Lender, to the following addressees (and notices to Lender will not be effective unless sent to both of the following addresses): (i) ORIX Corporate Capital Inc., 1717 Main St., Suite 1100, Dallas, TX 75201, Attention: General Counsel; and (ii) ORIX USA Corporation, 1717 Main St., Suite 900, Dallas, TX 75201, Attention: Operations Manager. The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to all other parties. All notices shall be deemed to have been given upon delivery in the case of notices personally delivered, or at the expiration of one Business Day following delivery to the private delivery service, or two Business Days following the deposit thereof in the United States mail, with postage prepaid.

**8.6 Expenses.** Borrower shall reimburse Lender and its affiliates for (i) all reasonable out-of-pocket expenses incurred by Lender and its affiliates, in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof, whether or not the transactions contemplated hereby or thereby shall be consummated (including without limitation the Lender for all out-of-pocket costs and expenses in connection with any board of directors meeting observation rights provided to Lender under this Agreement. Without limiting the generality of the foregoing, Borrower shall reimburse Lender and its affiliates for all reasonable fees and costs Lender incurs (including without limitation fees and costs of Lender's attorneys and consultants), in order to do the following: prepare and negotiate this Agreement and the documents relating to this Agreement; obtain legal, consulting, and other advice in connection with this Agreement or Borrower or any Affiliate; analyze, evaluate and report on Borrower's business, financial condition and future prospects; enforce, or seek to enforce, any of its rights; prosecute actions against, or defend actions by, Account Debtors; commence, intervene in, or defend any action or proceeding; initiate any complaint to be relieved of the automatic stay in any Insolvency Proceeding; file or prosecute any probate claim, bankruptcy claim, third-party claim, or other claim; protect, obtain possession of, lease, dispose of, or otherwise enforce Lender's security interest in, the Collateral; represent Lender in connection with any sale by Lender of the Loan or any interest or participation in the Loan, including without limitation the preparation and negotiation of documentation relating to the same; and otherwise represent Lender in any litigation relating to Borrower. Notwithstanding any provision in this Agreement to the contrary, the provisions set forth in this Section shall survive any termination of this Agreement and shall for all purposes continue in full force and effect.

**8.7 Public Announcement.** Borrower hereby agrees that Lender may make a public announcement of the transactions contemplated by this Agreement, and may publicize the same in marketing materials, newspapers and other publications, and otherwise, and in connection therewith may use Borrower's name, tradenames and logos.

**8.8 Waivers.** The failure of Lender at any time or times to require Borrower to strictly comply with any of the provisions

reasonable fees, charges, and disbursements of attorneys and advisors for Lender, and all filing, recording, search, title insurance, appraisal, audit, and other reasonable costs incurred by Lender, pursuant to, or in connection with, or relating to this Agreement), and (ii) all out-of-pocket expenses incurred by Lender (including the fees, charges, and disbursements of attorneys and advisors for Lender), in connection with any default, evaluation of Borrower, or the enforcement or protection of Lender's rights (a) in connection with this Agreement and the other Loan Documents, including its rights under this section, or (b) in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans, whether or not any litigation is filed. Borrower shall further reimburse

of this Agreement or any other present or future agreement between Borrower and Lender shall not waive or diminish any right of Lender later to demand and receive strict compliance therewith. Any waiver of any default shall not waive or affect any other default, whether prior or subsequent, and whether or not similar. None of the provisions of this Agreement or any other agreement now or in the future executed by Borrower and delivered to Lender shall be deemed to have been waived by any act or knowledge of Lender or its agents or employees, but only by a specific written waiver signed by an authorized officer of Lender and delivered to Borrower. Borrower waives any defenses based upon and the benefit of all statutes of limitations relating to any of



the Obligations or this Agreement or any other Loan Document, and Borrower waives demand, protest, notice of protest and notice of default or dishonor, notice of payment and nonpayment, release, compromise, settlement, extension or renewal of any commercial paper, instrument, account, Account, General Intangible, document or guaranty at any time held by Lender on which Borrower is or may in any way be liable, and notice of any action taken by Lender, unless expressly required by this Agreement. NEITHER Lender NOR ITS PARENT, NOR ANY OF ITS AFFILIATES, SUBSIDIARIES, DIRECTORS, OFFICERS, MEMBERS, MANAGERS, EMPLOYEES, AGENTS OR ATTORNEYS SHALL BE RESPONSIBLE OR LIABLE TO BORROWER OR TO ANY OTHER PARTY FOR ANY INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY FINANCIAL ACCOMMODATION HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

**8.9 Savings Clause.** Lender and Borrower intend to contract in strict compliance with applicable usury law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the Loan Agreement shall ever be construed to create a contract to pay, for the use, forbearance, or detention of money, interest in excess of the maximum amount of interest permitted to be charged by applicable law from time to time in effect. Neither Borrower nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully charged under applicable law from time to time in effect, and the provisions of this paragraph shall control over all other provisions of the Loan Agreement which may be in conflict herewith. Lender expressly disavows any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of any Obligation is accelerated. If (a) the maturity of any Obligation is accelerated for any reason, (b) any Obligation is prepaid and as a result any amounts held to constitute interest are determined to be in excess of the legal maximum, or (c) Lender or any other holder of any or all of the Obligations shall otherwise collect amounts which are determined to constitute interest which would otherwise increase the interest on any or all of the Obligations to an amount in excess of that permitted to be charged by applicable law then in effect, then all sums determined to constitute interest in excess of such legal

limit shall, without penalty, be promptly applied to reduce the then outstanding principal of the related Obligations or, at Lender's or such holder's option, promptly returned to Borrower upon such determination. In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the maximum amount permitted under applicable law, Lender and Borrower (and any other payors thereof) shall to the greatest extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread the total amount of interest through the entire contemplated term of this Agreement in accordance with the amount outstanding from time to time thereunder and the maximum legal rate of interest from time to time in effect under applicable law in order to lawfully charge the maximum amount of interest permitted under applicable law.

**8.10 [Reserved]**

**8.11 Successors and Assigns; Participations.** The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, beneficiaries and representatives of Borrower and Lender; provided, however, that Borrower may not assign or transfer any of its rights under this Agreement without the prior written consent of Lender, and any prohibited assignment shall be void. No consent by Lender to any assignment shall release Borrower from its liability for the Obligations. Borrower acknowledges and agrees that, without the consent of, or notice to, Borrower (i) Lender has the right, to sell, transfer, or assign, in whole or in part, any interest in, the Loan, and Lender's rights, obligations, and benefits under this Agreement and the other Loan Documents ((other than the Warrant, as to which assignment, transfer and other such actions are governed by the terms thereof), and (ii) Lender may at any time and from time to time sell participating interests in the Loan to other Persons (each such purchaser of a participating interest, a "Participant"). Each assignee shall become a party to this Agreement and, to the extent of the interest assigned, shall have the rights and obligations of the Lender under this Agreement, and the assigning Lender shall, to the extent of the interest assigned by such assignment, be released from its obligations under this Agreement (and, in the case of an assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of the expense reimbursement and indemnity provisions of this Agreement with respect to facts and circumstances occurring prior to the effective date of such assignment). Each Participant may exercise all rights of payment (including rights of set-off) with respect to the portion of

such Loan held by it or other Obligations payable hereunder as fully as if such Participant were the direct holder thereof. Each Borrower hereby grants to any Participant a continuing security interest in any deposits, moneys, or other property actually or constructively held by such Participant as security for the Participant's interest in the Loan. Borrower authorizes Lender to disclose to any Participant or prospective Participant, and to any transferee or prospective transferee of any interest in the Loan any and all financial information in Lender's possession concerning Borrower which has been delivered to Lender by or on behalf of Borrower pursuant to, or in connection with, this Agreement, provided such person agrees to the confidentiality provisions of Section 8.3 herein with respect to the same, to the extent applicable. Notwithstanding the foregoing, the Board Observer Rights provided in Section 4.11 hereof shall not inure to the benefit of any Participant hereunder or any other transferee or assignee, other than an Affiliate of Lender.

**8.12 Governing Law; Jurisdiction; Venue.** This Agreement and all acts, transactions disputes and controversies arising hereunder or relating hereto, and all rights and obligations of Lender and Borrower shall be governed by, and construed in accordance with the internal laws of the State of New York without regard to conflict of laws principles, provided that Lender shall retain all rights arising under federal law. **BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY ACT, TRANSACTION, DISPUTE OR CONTROVERSY ARISING HEREUNDER OR THEREUNDER OR RELATING HERETO OR THERETO, AND BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF LENDER TO BRING PROCEEDINGS AGAINST BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY BORROWER AGAINST Lender OR ANY AFFILIATE THEREOF INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK**. Borrower consents to service of process in any action or proceeding brought against it by Lender, by personal delivery, or by mail addressed as set forth in this Agreement or by any other method permitted by law.

**8.13 General.** If Borrower consists of more than one Person, their liability shall be joint and several, and the compromise of any claim with, or the release of, any Borrower shall not constitute a compromise with, or a release of, any other Borrower. Paragraph headings are used in this Agreement for convenience only, and shall not be used in any manner to construe, limit, define or interpret any term or provision of this Agreement. The term "including", whenever used in this Agreement, shall mean "including (but not limited to)". This Agreement has been fully reviewed and negotiated between the parties and no uncertainty or ambiguity in any term or provision of this Agreement shall be construed strictly against Lender or Borrower under any rule of construction or otherwise. Should any provision of this Agreement be held by any court of competent jurisdiction to be void or unenforceable, such defect shall not affect the remainder of this Agreement, which shall continue in full force and effect. This Agreement may be executed and delivered by the signing and delivery of this Agreement with original signatures or by facsimile or pdf copy. This Agreement and such other written agreements, documents and instruments as may be executed in connection herewith, including without limitation the Representations, are the final, entire and complete agreement between Borrower and Lender and supersede all prior and contemporaneous negotiations and oral representations and agreements, all of which are merged and integrated in this Agreement. <u>There are no oral understandings, representations, or agreements between the parties which are not set forth in this Agreement or in other written agreements signed by the parties in connection herewith.</u> The terms and provisions of this Agreement may not be waived or amended, except in a writing executed by Borrower and a duly authorized officer of Lender. Time is of the essence in the performance by Borrower of each and every obligation under this Agreement.

**8.14 Mutual Waiver of Jury Trial**. Borrower and Lender each hereby waive the right to trial by jury in any action or proceeding based upon, arising out of, or in any way relating to, this Agreement or any other present or future instrument or agreement between Lender and Borrower, or any conduct, acts or omissions of Lender or Borrower or any of their directors, officers, employees, agents, attorneys or any other persons affiliated with



Lender or Borrower, in all of the foregoing cases, whether sounding in contract or tort or otherwise.

*[signatures on next page]*

**Borrower:**

**ShotSpotter, Inc.**

**By** /s/ Ralph Clark
**Name:** Ralph Clark
**Title:** President & CEO

**Lender:**

**ORIX Ventures, LLC,**
**a Delaware limited liability company**

**By** /s/ Mark Campbell
**Name:** Mark Campbell
**Title:** Authorized Representative

***[Signature Page to Loan and Security Agreement]***

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**Schedule to Loan and Security Agreement**

**Borrower:** **ShotSpotter, Inc., a Delaware corporation**
**Date:** **September 25, 2015**

This Schedule is an integral part of the Loan and Security Agreement between ORIX Ventures, LLC, a Delaware limited liability company ("Lender"), and the above borrower ("Borrower") of even date.

**1. LOAN AMOUNT** (Section 1.1)**:**

The Loan shall consist of a Term Loan (the "Term Loan" or, the "Loan") as follows.

(1) Amount. The Term Loan shall be in the original principal amount of $12,000,000.

(2) Disbursements. Subject to the terms and conditions in this Agreement, the Term Loan shall be disbursed as follows: (1) $10,000,000 on the Closing Date (the "Closing Date Term Loan"); and (2) subject to Borrower's compliance with the Funding Milestone, up to an additional $2,000,000 (the "Tranche B Term Loan") on or before September 25, 2017. Except for a disbursement of the entire unused balance of the Tranche B Term Loan, each disbursement shall be in an amount equal to $1,000,000 or a whole multiple of $100,000 in excess thereof. Requests for a disbursement of the Tranche B Term Loan shall be made by Borrower to Lender in writing at least three Business Days before the date the disbursement is to be made, and shall be accompanied by a Recurring Revenue report as of the most recently-ended month prior to the date of the disbursement request, in form and content reasonably acceptable to Lender, and certified by an authorized officer of Borrower. Disbursements of the Tranche B Term Loan shall not be made after September 25, 2017. No portion of the Term Loan may be reborrowed after being repaid.

As used herein, "Funding Milestone" means, as of any date of determination, Borrower's Recurring Revenue, annualized for the preceding 6 months, is at least $15,000,000, as of such date.

As used herein, "Recurring Revenue" means GAAP revenue of Borrower recognized during the measurement period from subscription licenses and maintenance support contracts, less subscription or support revenue from any customer that (i) has elected to cancel or not renew its license or maintenance contract, (ii) goes out of business or is insolvent, or (iii) has a receivable aged more than 120 days, unless otherwise approved by Lender on a case by case basis, at Lender's sole discretion; for sake of clarity, professional services, including but not limited to upfront setup fees, shall not be considered "Recurring Revenue."

(3) Principal Payments. Commencing on November 1, 2017 and continuing on the first Business Day of each calendar month until the Maturity Date, the entire unpaid principal balance

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of the Loan outstanding as of November 1, 2017 (the "Principal Commencement Date") shall be repaid in principal installments in

an amount equal to the aggregate principal amount of the Loan outstanding on the Principal Commencement Date divided by thirty-six (36). The entire unpaid principal balance of the Loan plus any and all accrued and unpaid interest shall be paid on the Maturity Date.

**2. INTEREST. (SECTION 1.3)**

(a) Accrued interest on the Loan shall be paid monthly as provided in Section 1.3 of this Agreement.

(b) The outstanding principal amount of the Term Loan shall bear interest each month at an interest rate per annum equal to the greater of (i) Base Rate in effect for such month, plus 7.5% per annum or (ii) 11%.

(c) Interest in all cases shall be calculated on the basis of a 360-day year for the actual number of days elapsed.

**3. FEES (SECTION 1.4).**

(a) **Closing Fee**. A closing fee of $120,000 shall be due and payable on the date hereof.

(b) **Prepayment Fee**. All payments of the Term Loan made or required to be made prior to the Maturity Date hereof (other than scheduled amortization payments under Section 1(3) of the Schedule, but specifically including payments of the Term Loan made after an acceleration of the Obligations, including, without limitation, an acceleration of the Obligations as a result of an Event of Default under Section 6.1(i)), shall be subject to an additional fee (to be paid to Lender as liquidated damages and compensation for lost profits or damages incurred with respect to such payments, in view of the difficulty in ascertaining the amount of such damages) equal to the amount of such payment multiplied by:

(i) three percent (3%), with respect to payments made or required to be made on or prior to the second anniversary of date hereof, and

(ii) one percent (1%), with respect to payments made or required to be made after the second anniversary of the date hereof but on or prior to the third anniversary of the date hereof.

**4. MATURITY DATE (SECTION 6.1).** September 25, 2020**.**

**5. REPORTING (SECTION 4.2).**

Borrower shall provide Lender with the following:

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(a) Monthly financial statements (including a consolidated balance sheet and the related consolidated statements of income, shareholders' equity, and cash flows), within thirty (30) days after the end of each month;

(b) Recurring Revenue report, within thirty (30) days after the end of each month and with each request for a Tranche B Term Loan;

(c) Quarterly financial statements (including a consolidated balance sheet and the related consolidated statements of income, shareholders' equity, and cash flows) within forty-five (45) days after the end of each fiscal quarter;

(d) Annual, unqualified financial statements (including a consolidated balance sheet and the related consolidated statements of income, shareholders' equity, and cash flows), audited by independent certified public accountants acceptable to Lender, within one hundred eighty (180) days after the end of each fiscal year of Borrower; and

(e) Compliance certificates, with a computation of the Financial Covenants set forth in this Agreement, listing any Defaults or Events of Default that have occurred, and covering such other matters, and in such form, as Lender shall specify from time to time, which shall be provided monthly and quarterly with the financial statements pursuant to Section 5(a) and (b);

(f) If applicable, all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission;

(g) Monthly report signed by Borrower, in form reasonably acceptable to Lender, listing any applications or registrations that Borrower has made or filed in respect of any Patents, Copyrights or Trademarks and the status of any outstanding applications or registrations, as well as any material change in Borrower's Intellectual Property, including but not limited to any subsequent ownership right of Borrower in or to any Trademark, Patent or Copyright not specified in Exhibits A, B, and C of any Intellectual Property Security Agreement delivered to Lender by Borrower in connection with this Agreement, within thirty (30) days after the end of each month; and

(h) Such budgets, sales projections, operating plans or other financial information as Lender may reasonably request from time to time, including but not limited to Borrower's annual operating budget, approved by Borrower's Board of Directors and in form and substance acceptable to Lender, which shall be delivered to Lender no later than January 31 of each year.

**6. FINANCIAL COVENANTS (SECTION 4.8).**

Borrower shall comply with the following financial covenants (the "Financial Covenants"). Compliance shall be measured monthly, except as may be otherwise provided below.

(a) **Minimum Recurring Revenue**: Borrower's Recurring Revenue, annualized for the preceding 6 months, shall be not less than the following amounts, for the respective measuring periods set forth below:

| Period Ending | Minimum Recurring Revenue |
|---|---|
| September 30, 2015 | $ 8,695,000 |
| December 31, 2015 | $ 9,532,000 |
| March 31, 2016 | $ 10,256,000 |
| June 30, 2016 | $ 11,219,000 |
| September 30, 2016 | $ 11,855,000 |
| December 31, 2016 | $ 12,369,000 |
| March 31, 2017 | $ 13,187,000 |
| June 30, 2017 | $ 13,960,000 |
| September 30, 2017 | $ 14,595,000 |
| December 31, 2017 | $ 15,185,000 |

Thereafter, Borrower's annualized quarterly Recurring Revenue shall not be less than the greater of (x) 80% of Borrower's Board-approved plan (for projected Recurring Revenue), to be provided by Borrower to Lender in accordance with Section 5(h), above, or (y) $15,185,000.

(b) **Minimum Cash**: Borrower shall, at all times, have unrestricted cash in domestic Deposit Accounts, in Borrower's sole name, that are maintained by Borrower in accordance with Section 4.5(xv), of not less than (x) $1,500,000 through September 30, 2016; and (y) $750,000 at all times thereafter.

*[signatures on next page]*

Borrower:

ShotSpotter, Inc.

By _____
Name:
Title:

Lender:

ORIX Ventures, LLC

By _____
Name:
Title:

**[*Signature Page to Schedule to Loan and Security Agreement*]**

**DEBTOR:** **SHOTSPOTTER, INC.**

**SECURED PARTY:** **ORIX VENTURES, LLC**

EXHIBIT A

COLLATERAL DESCRIPTION ATTACHMENT TO LOAN AND SECURITY AGREEMENT

All personal property of Borrower (herein referred to as "Borrower" or "Debtor") whether presently existing or hereafter created or acquired, and wherever located, including, but not limited to:

(a) all accounts (including health-care-insurance receivables), chattel paper (including tangible and electronic chattel paper), deposit accounts, documents (including negotiable documents), equipment (including all accessions and additions thereto), general intangibles (including payment intangibles and software), goods (including fixtures), instruments (including promissory notes), inventory (including all goods held for sale or lease or to be furnished under a contract of service, and including returns and repossessions), investment property (including securities and securities entitlements), letter of credit rights, money, and all of Debtor's books and records with respect to any of the foregoing, and the computers and equipment containing said books and records;

all common law and statutory copyrights and copyright registrations, applications for registration, now existing or hereafter arising, in the United States of America or in any foreign jurisdiction, obtained or to be obtained on or in connection with any of the foregoing, or any parts thereof or any underlying or component elements of any of the foregoing, together with the right to copyright and all rights to renew or extend such copyrights and the right (but not the obligation) of Secured Party to sue in its own name and/or in the name of the Debtor for past, present and future infringements of copyright;

all trademarks, service marks, trade names and service names and the goodwill associated therewith, together with the right to trademark and all rights to renew or extend such trademarks and the right (but not the obligation) of Secured Party to sue in its own name and/or in the name of the Debtor for past, present and future infringements of trademark;

all (i) patents and patent applications filed in the United States Patent and Trademark Office or any similar office of any foreign jurisdiction, and interests under patent license agreements, including, without limitation, the inventions and improvements described and claimed therein, (ii) licenses pertaining to any patent whether Debtor is licensor or licensee, (iii) income, royalties, damages, payments, accounts and accounts receivable now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iv) right (but not the obligation) to sue in the name of Debtor and/or in the name of Secured Party for past, present and future infringements thereof, (v) rights corresponding thereto throughout the world in all jurisdictions in which such patents have been issued or applied for, and (vi) reissues, divisions, continuations, renewals, extensions and continuations-in-part with respect to any of the foregoing; and

any and all cash proceeds and/or noncash proceeds of any of the foregoing, including, without limitation, insurance proceeds, and all supporting obligations and the security therefor or for any right to payment. All terms above have the meanings given to them in the Uniform Commercial Code of New York, as amended or supplemented from time to time.

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EXHIBIT B

**COMPLIANCE CERTIFICATE**

| | | | |
|---|---|---|---|
| **Please send all Required Reporting to:** | ORIX Corporate Capital Inc.<br>1717 Main St., Suite 1100<br>Dallas, TX 75201<br>Fax: (469) 385-1353 | with a copy to: | ORIX USA Corporation,<br>1717 Main St., Suite 1100<br>Dallas, TX 75201<br>Fax: (214) 461-8271 |

**FROM:** SHOTSPOTTER, INC. ("Borrowers")

The undersigned authorized Officer of SHOTSPOTTER, INC. hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement between Borrower and Lender (the "Agreement"), (i) Borrower is in complete compliance for the period ending with all required covenants, including without limitation the ongoing registration of intellectual property rights in accordance with Section 3.11, except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct in all material respects as of the date hereof (provided, that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date). Attached herewith are the required documents supporting the above certification. Attached herewith are the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column.

| REPORTING COVENANTS | REQUIRED | COMPLIES | |
|---|---|---|---|
| Company Prepared Monthly F/S | Monthly, within 30 days | YES | NO |
| Recurring Revenue Report | Monthly, within 30 days; with each request for a Tranche B Term Loan | YES | NO |
| Company Prepared Quarterly F/S | Quarterly, within 45 days | YES | NO |
| Compliance Certificate | Monthly, within 30 days | YES | NO |
| CPA Audited, Unqualified F/S | Annually, within 180 days of FYE | YES | NO |
| Annual Budget (incl Financial Projections) | Annually, by January 31 | YES | NO |
| Intellectual Property Report | Monthly, within 30 days | YES | NO |
| If Public: | | | |
| 10-Q | Quarterly, within 5 days of SEC filing (50 days) | YES | NO |
| 10-K | Annually, within 5 days of SEC filing (95 days) | YES | NO |

| FINANCIAL COVENANTS | REQUIRED | ACTUAL | COMPLIES | |
|---|---|---|---|---|
| **TO BE TESTED MONTHLY, UNLESS OTHERWISE NOTED:** | | | | |
| Minimum Recurring Revenue (tested quarterly) | [See attached Annex I] | $ | YES | NO |
| Minimum Cash | $1,500,000 through 9/30/16; $750,000 thereafter | $ | YES | NO |

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Please Enter Below Comments Regarding Violations:

The Officer further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no credit extensions will be made.

Very truly yours,

_____

Authorized Signer

Name: _____

Title: _____

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**Annex I**
**to Compliance Certificate**

[Minimum Annualized Recurring Revenue]

| Period Ending | Minimum Recurring Revenue |
|---|---|
| September 30, 2015 | $ 8,695,000 |
| December 31, 2015 | $ 9,532,000 |
| March 31, 2016 | $ 10,256,000 |
| June 30, 2016 | $ 11,219,000 |
| September 30, 2016 | $ 11,855,000 |
| December 31, 2016 | $ 12,369,000 |
| March 31, 2017 | $ 13,187,000 |
| June 30, 2017 | $ 13,960,000 |
| September 30, 2017 | $ 14,595,000 |
| December 31, 2017 | $ 15,185,000 |

Thereafter, Borrower's annualized quarterly Recurring Revenue shall not be less than the greater of (x) 80% of Borrower's Board-approved plan (for projected Recurring Revenue), to be provided by Borrower to Lender in accordance with Section 5(h), above, or (y) $15,185,000.

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EXHIBIT C

**CORPORATE BORROWING CERTIFICATE**

**BORROWER**: **SHOTSPOTTER, INC.** **DATE**: September 25, 2015
**LENDER:** **ORIX VENTURES, LLC**

I hereby certify as follows, as of the date set forth above:

1. I am the Secretary, Assistant Secretary or other officer of Borrower. My title is as set forth below.

2. Borrower's exact legal name is set forth above. Borrower is a corporation existing under the laws of the State of Delaware.

3. Attached hereto are true, correct and complete copies of Borrower's Certificate of Incorporation (including amendments), as filed with the Secretary of State of the state in which Borrower is incorporated as set forth in paragraph 2 above. Such Certificate of Incorporation have not been amended, annulled, rescinded, revoked or supplemented, and remain in full force and effect as of the date hereof.

4. The following resolutions were duly and validly adopted by Borrower's Board of Directors at a duly held meeting of such directors (or pursuant to a unanimous written consent or other authorized corporate action). Such resolutions are in full force and effect as of the date hereof and have not been in any way modified, repealed, rescinded, amended or revoked, and Lender may rely on them until Lender receives written notice of revocation from Borrower.

**RESOLVED**, that **any one** of the following officers or employees of Borrower, whose names, titles and signatures are below, may act on behalf of Borrower:

| Name | Title | Signature | Authorized to Add or Remove Signatories |
|---|---|---|---|
| | | | ☐ |

| | | | |
|---|---|---|---|
| _____ | _____ | _____ | ☐ |
| _____ | _____ | _____ | ☐ |
| _____ | _____ | _____ | ☐ |

**RESOLVED FURTHER,** that **any one** of the persons designated above with a checked box beside his or her name may, from time to time, add or remove any individuals to and from the above list of persons authorized to act on behalf of Borrower.

**RESOLVED FURTHER,** that such individuals may, on behalf of Borrower:

**Borrow Money**. Borrow money from ORIX Ventures, LLC ("Lender").
**Execute Loan Documents**. Execute any loan documents Lender requires.
**Grant Security**. Grant Lender a security interest in any of Borrower's assets.
**Negotiate Items**. Negotiate or discount all drafts, trade acceptances, promissory notes, or other indebtedness in which Borrower has an interest and receive cash or otherwise use the proceeds.
**Issue Warrants**. Issue warrants for Borrower's capital stock.
**Further Acts**. Designate other individuals to request advances, pay fees and costs and execute other documents or agreements (including documents or agreement that waive Borrowers right to a jury trial) they believe to be necessary to effectuate such resolutions.

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**RESOLVED FURTHER,** that all acts authorized by the above resolutions and any prior acts relating thereto are ratified.

5. The persons listed above are Borrower's officers or employees with their titles and signatures shown next to their names.

SHOTSPOTTER, INC.

By: _____
Name: _____
Title: _____

*** *If the Secretary, Assistant Secretary or other certifying officer executing above is designated by the resolutions set forth in paragraph 4 as one of the authorized signing officers, this Certificate must also be signed by a second authorized officer or director of Borrower.*

I, the _____ of Borrower, hereby certify as to paragraphs 1 through 5 above, as of the date set forth above.
[print title]

By: _____
Name: _____
Title: _____

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EXHIBIT D
**Form of Disbursement Letter**

[see attached]

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**DISBURSEMENT LETTER**

September 25, 2015

The undersigned, being the duly elected and acting _____ of SHOTSPOTTER, INC. (the "**Borrower**") do hereby certify to ORIX VENTURES, LLC ("**Lender**") in connection with that certain Loan and Security Agreement dated as of September 25, 2015, by and between Borrowers and Lender (the "**Loan Agreement**"; with other capitalized terms used below having the meanings ascribed thereto in the Loan Agreement) that:

1. The representations and warranties made by Borrower in Section 3 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects as of the date hereof (provided, that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date).

2. No event or condition has occurred that would constitute an Event of Default under the Loan Agreement or any other

Loan Document.

3. Borrower is in compliance with the covenants and requirements contained in the Schedule to the Loan Agreement.

4. All conditions referred to in Section 1.2 of the Loan Agreement to the making of the Loan to be made on or about the date hereof have been satisfied or waived by Lender.

5. No Material Adverse Change has occurred.

6. The undersigned is a Responsible Officer.

***[Balance of Page Intentionally Left Blank]***

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7. The proceeds of the Term Loan shall be disbursed as follows:

| | | |
|---|---|---|
| **Disbursement from Lender:** | | |
| Loan Amount | $ | 5,000,000 |
| Plus: | | |
| —Deposit Received | $ | [40,000] |
| | | |
| Less: | | |
| — [Existing Debt Payoff to be remitted to East West Bank per the Payoff Letter dated September , 2015 | $ | ( )] |
| —Facility Fee | $ | (120,000) |
| [—Interim diligence fees | $ | ( )] |
| —Lender's Legal Fees | $ | ( )* |
| | | |
| **Total Term Loan Net Proceeds due from Lender:** | **$** | |

8. The aggregate net proceeds of the Term Loan shall be transferred to the Designated Deposit Account as follows:

| | |
|---|---|
| Account Name: | SHOTSPOTTER, INC. |
| Bank Name: | [ ] |
| Bank Address: | [ ] |
| Account Number: | [ ] |
| ABA Number: | [ ] |

***[Balance of Page Intentionally Left Blank]***

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* Legal fees and costs are through the Closing Date. Post-closing legal fees and costs, payable after the Closing Date, to be invoiced and paid post-closing.

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Dated as of the date first set forth above.

**BORROWER:**

SHOTSPOTTER, INC.

By _____
Name: _____
Title: _____

**LENDER:**

ORIX VENTURES, LLC

By: _____
Name: _____

***[Signature Page to Disbursement Letter]***

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EXHIBIT E

**AUTHORIZATION AGREEMENT FOR PRE-AUTHORIZED PAYMENTS (DEBIT)**

Company Name: SHOTSPOTTER, INC. (the "Company")

The undersigned hereby authorizes ORIX VENTURES, LLC ("Lender") and the financial institution named below ("Bank") to electronically charge the Company's account specified below for payments due under that certain Loan and Security Agreement dated September 25, 2015 (as modified, amended and or restated from time to time, the "Agreement").

| | |
|---|---|
| Bank Name | Branch Location (where account was opened) |
| City | State Zip Code |
| Bank Transit/ABA Number | Account Number |
| Checking or Savings Account | Account Name |

This authority is to remain in full force and effect until Lender and Bank have received written notification from the undersigned of its termination in such time and in such manner as to afford the Lender and Bank a reasonable opportunity to act on it. Following termination of the authority granted hereby, the Company shall make all payments due the Lender at such time and in such manner as set forth in the Agreement.

| | |
|---|---|
| Authorizing Party (Please Print) | Company Tax ID Number |
| Signature Date | Signature Date |

***[Signature Page to Authorization Agreement for Pre-Authorized Payments (Debit)]***

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**DEFAULT WAIVER, CONSENT AND FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT**

This Default Waiver, Consent and First Amendment to Loan and Security Agreement (this "Amendment") is entered into as of August 8, 2016, by and between ORIX GROWTH CAPITAL, LLC (f/k/a ORIX VENTURES, LLC, "Lender") and SHOTSPOTTER INC. ("Borrower").

RECITALS

A Borrower and Lender are parties to that certain Loan and Security Agreement dated as of September 25, 2015 (as amended from time to time, collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

B Borrower acknowledges it is currently in default of the Agreement for failing to (i) comply with Section 4.5(xii) of the Agreement in connection with Borrower's creation of ShotSpotter Proprietary Limited a company organized under the laws of South Africa and a wholly-owned subsidiary of Borrower ("ShotSpotter South Africa") and (ii) maintain the minimum cash required pursuant to Section 6.(b) of the Schedule during the reporting period ended June 30, 2016 and July 31, 2016 (the "Existing Events of Default"). Borrower has requested that Lender waive its rights and remedies against Borrower, limited specifically to the Existing Events of Default. Although Lender is under no obligation to do so, Lender is willing to not exercise its rights and remedies against Borrower related to the specific Existing Events of Default on the terms and conditions set forth in this Agreement, so long as Borrower complies with the terms, covenants and conditions set forth in this Agreement.

C. Additionally, Borrower has requested that Lender (i) consent to Borrower's creation of ShotSpotter South Africa and (ii) make certain other revisions to the Agreement as more fully set forth herein. Lender has agreed to such consent and revisions, 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.

NOW, THEREFORE, the parties agree as follows:

**1.** **Waiver**. Lender hereby waives the Existing Events of Default.

**2.** **Consent**. Notwithstanding any provision of the Agreement to the contrary, and subject to the terms and conditions of

the Agreement, as amended as the date hereof, Lender hereby consents to and approves Borrower's creation of ShotSpotter South Africa.

**3. Amendments**.

**3.1** Section 3.13 of the Agreement hereby is amended and restated in its entirety to read as follows:

"**3.13 Subsidiaries**. Borrower represents and warrants that, as of August 8, 2016, it has no Subsidiaries that are not Borrowers or Guarantors hereunder, other than ShotSpotter South Africa and the other Foreign Subsidiaries disclosed to Lender in the Representations."

**3.2** Section 4.5(vi) of the Agreement hereby is amended and restated in its entirety to read as follows:

"(vi) make any loans of any money or other assets to, or purchase the stock or other securities of, or make any other investment in, any other Person, except that Borrower may make (x) Permitted Investments and (y) loans to, or purchase the stock or other securities of, or make any other investment in (a) any other domestic Borrower and (b) any Foreign Subsidiaries, provided that, in the case of clause (b), (1) such investments in and/or loans to such Foreign Subsidiaries do not to exceed the amount necessary to fund the current operating expenses of the Foreign Subsidiaries (taking into account their revenue from other sources), (2) no Event of Default exists or would result from such investment or loan, (3) the total of such investments in

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and loans to such Foreign Subsidiaries (excluding expense advances reimbursed in the ordinary course of business) in any fiscal year shall not exceed $25,000, (4) after September 30, 2016, the total cash of the Foreign Subsidiaries combined ("Total Foreign Cash") shall not, at any time, exceed $250,000, except for the proceeds of accounts receivable collections in the ordinary course of business, provided that such proceeds shall not cause Total Foreign Cash to exceed $250,000 (x) more than twice per fiscal year and (y) for more than 30 consecutive days on each occasion; and (5) after September 30, 2016, the total assets, excluding accounts receivable and any capitalized assets, of such Foreign Subsidiaries combined ("Total Foreign Assets") shall not, at any time, exceed $250,000 in the aggregate, except for the proceeds of accounts receivable collections in the ordinary course of business, provided that such proceeds shall not cause Total Foreign Assets to exceed $250,000 (x) more than twice per fiscal year and (y) for more than 30 consecutive days on each occasion."

**3.3** The following proviso hereby is added to the end of Section 4.5(xii) of the Agreement to read as follows:

"provided, however, that (A) (i) ShotSpotter South Africa shall not be required to guarantee the Obligations of Borrower (or become a co-borrower) and grant a security interest in and to its assets, and (ii) Borrower shall not be required to grant and pledge to Lender, a perfected security interest in more than sixty five percent (65%) of the capital stock of ShotSpotter South Africa, and (B) solely in the circumstance in which Borrower creates or acquires any other Foreign Subsidiary in an acquisition specifically permitted under this Agreement or otherwise approved by Lender, (i) such Foreign Subsidiary shall not be required to guarantee the Obligations of Borrower (or become a co-borrower) and grant a security interest in and to the assets of such Foreign Subsidiary, and (ii) Borrower shall not be required to grant and pledge to Lender, a perfected security interest in more than sixty five percent (65%) of the stock, units or other evidence of ownership of such Foreign Subsidiary, if Borrower demonstrates to the reasonable satisfaction of Lender that such Foreign Subsidiary providing such guarantee or pledge and security interest or Borrower providing a perfected security interest in more than sixty five percent (65%) of the stock, units or other evidence of ownership would create a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code."

**3.4** The following proviso hereby is added to the end of Section 4.5(xv) of the Agreement to read as follows:

"provided, however, that foregoing shall not apply to bank accounts or Deposit Accounts established and maintained by ShotSpotter South Africa and any other Foreign Subsidiary that is not required to guarantee the Obligations or become a co-borrower hereunder;"

**3.5** Section 1.(2) of the Schedule hereby is amended and restated in its entirety to read as follows:

"(2) Disbursements. Subject to the terms and conditions in this Agreement, the Term Loan shall be disbursed as follows: (1) $10,000,000 on the Closing Date (the "Closing Date Term Loan"); and (2) up to an additional $2,000,000 (the "Tranche B Term Loan") on or before September 25, 2017. Except for a disbursement of the entire unused balance of the Tranche B Term Loan, each disbursement shall be in an amount equal to $1,000,000 or a whole multiple of $100,000 in excess thereof. Requests for a disbursement of the Tranche B Term Loan shall be made by Borrower to Lender in writing at least three Business Days before the date the disbursement is to be made. Disbursements of the Tranche B Term Loan shall not be made after September 25, 2017. No portion of the Term Loan may be reborrowed after being repaid."

**3.6** New Section 3.(c) hereby is added to the Schedule to read as follows:

"(c) **Milestone Fee**. A fee of $50,000 shall be due and payable on November 30, 2016, if Borrower's Recurring Revenue, measured as of October 31, 2016 and annualized for the

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preceding 6 months, is not greater than $15,000,000.

As used herein, "Recurring Revenue" means consolidated GAAP revenue of Borrower recognized during the measurement period from subscription licenses and maintenance support contracts, less subscription or support revenue from any customer that (i) has elected to cancel or not renew its license or maintenance contract, (ii) goes out of business or is insolvent, or (iii) has a receivable aged more than 120 days, unless otherwise approved by Lender on a case by case basis, at Lender's sole discretion; for sake of clarity, professional services, including but not limited to upfront setup fees, shall not be considered "Recurring Revenue."

**3.7** Section 6.(b) of the Schedule hereby is amended and restated in its entirety to read as follows:

"**(b)** **Minimum Cash**: Borrower shall, at all times, have unrestricted cash in domestic Deposit Accounts, in Borrower's sole name, that are maintained by Borrower in accordance with Section 4.5(xv), of not less than (x) $1,500,000 through the date Borrower achieves the Debt to Revenue Milestone; and (y) $750,000 at all times thereafter.

As used herein, "Debt to Revenue Milestone" means Lender has received evidence satisfactory to Lender that the ratio of Borrower's total indebtedness to Recurring Revenue, measured as of the end of the immediately preceding month, is less than 0.75 to 1.00."

**3.8** Exhibit B to the Agreement hereby is replaced with Exhibit B attached hereto.

**4.** No course of dealing on the part of Lender or its officers, nor any failure or delay in the exercise of any right by Lender, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Lender's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Lender thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Lender.

**5.** Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Lender under the Agreement, as in effect prior to the date hereof.

**6.** Borrower represents and warrants that the Representations and Warranties contained in Article 3 of the Agreement are true and correct as of the date of this Amendment, and that no Event of Default, other than the Existing Events of Default, has occurred and is continuing.

**7. Release by Borrower.**

**7.1** FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Lender and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Amendment (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the Recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

---

**7.2** By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Lender with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

**7.3** This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Lender to enter into this Amendment, and that Lender would not have done so but for Lender's expectation that such release is valid and enforceable in all events.

**7.4** Borrower hereby represents and warrants to Lender, and Lender is relying thereon, as follows:

(a) Except as expressly stated in this Amendment, neither Lender, nor any agent, employee or representative of Lender has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Amendment.

(b) Borrower has made such investigation of the facts pertaining to this Amendment and all of the

matters appertaining thereto, as it deems necessary.

(c) The terms of this Amendment are contractual and not a mere recital.

(d) This Amendment has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Amendment is signed freely, and without duress, by Borrower.

(e) Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Lender, defend and hold them harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

**8.** As a condition to the effectiveness of this Amendment, Lender shall have received, in form and substance satisfactory to Lender, the following:

(a) this Amendment, duly executed by Borrower;

(b) a corporate borrowing certificate for Borrower, in the form attached hereto;

(c) payment of an amendment fee equal to $15,000, which shall be non-refundable;

(d) all reasonable expenses incurred by Lender and its Affiliates, in connection with the preparation, negotiation, execution, delivery and administration of this Amendment; and

(e) such other documents, and completion of such other matters, as Lender may reasonably deem necessary or appropriate.

**9.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

---

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

SHOTSPOTTER, INC., a Delaware corporation

By: /s/ Ralph Clark

Title: President & CEO

ORIX GROWTH CAPITAL, LLC (f/k/a ORIX VENTURES, LLC), a Delaware limited liability company

By: /s/ Jeffrey Bede

Title: Managing Director and Co-Head



---

EXHIBIT B

**COMPLIANCE CERTIFICATE**

| | | | |
|---|---|---|---|
| **Please send all Required Reporting to:** | ORIX Corporate Capital Inc.<br>1717 Main St., Suite 1100<br>Dallas, TX 75201<br>Fax: (469) 385-1353 | with a copy to: | ORIX USA Corporation,<br>1717 Main St., Suite 1100<br>Dallas, TX 75201<br>Fax: (214) 461-8271 |

**FROM:** SHOTSPOTTER, INC. ("Borrower")

The undersigned authorized Officer of SHOTSPOTTER, INC. hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement between Borrower and Lender (the "Agreement"), (i) Borrower is in complete compliance for the period ending with all required covenants, including without limitation the ongoing registration of intellectual

property rights in accordance with Section 3.11, except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct in all material respects as of the date hereof (provided, that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date). Attached herewith are the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column.

| REPORTING COVENANTS | REQUIRED | COMPLIES | |
|---|---|---|---|
| Company Prepared Monthly F/S | Monthly, within 30 days | YES | NO |
| Recurring Revenue Report | Monthly, within 30 days; with each request for a Tranche B Term Loan | YES | NO |
| Company Prepared Quarterly F/S | Quarterly, within 45 days | YES | NO |
| Compliance Certificate | Monthly, within 30 days | YES | NO |
| CPA Audited, Unqualified F/S | Annually, within 180 days of FYE | YES | NO |
| Annual Budget (incl Financial Projections) | Annually, by January 31 | YES | NO |
| Intellectual Property Report | Monthly, within 30 days | YES | NO |
| If Public: | | | |
| 10-Q | Quarterly, within 5 days of SEC filing (50 days) | YES | NO |
| 10-K | Annually, within 5 days of SEC filing (95 days) | YES | NO |

| FINANCIAL COVENANTS | REQUIRED | ACTUAL | COMPLIES | |
|---|---|---|---|---|
| **TO BE TESTED MONTHLY, UNLESS OTHERWISE NOTED:** | | | | |
| Minimum Recurring Revenue (tested quarterly) | [See attached Annex I] | $ | YES | NO |
| Minimum Cash | $1,500,000 through the date Borrower achieves the Debt to Revenue Milestone; $750,000 thereafter | $ | YES | NO |

Please Enter Below Comments Regarding Violations:

The Officer further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no credit extensions will be made.

Very truly yours,

_____

Authorized Signer
Name: _____

Title: _____

**Annex I**
**to Compliance Certificate**

[Minimum Annualized Recurring Revenue]

| Period Ending | Minimum Recurring Revenue |
|---|---|
| September 30, 2015 | $ 8,695,000 |
| December 31, 2015 | $ 9,532,000 |
| March 31, 2016 | $ 10,256,000 |
| June 30, 2016 | $ 11,219,000 |
| September 30, 2016 | $ 11,855,000 |
| December 31, 2016 | $ 12,369,000 |
| March 31, 2017 | $ 13,187,000 |
| June 30, 2017 | $ 13,960,000 |
| September 30, 2017 | $ 14,595,000 |
| December 31, 2017 | $ 15,185,000 |

Thereafter, Borrower's annualized quarterly Recurring Revenue shall not be less than the greater of (x) 80% of Borrower's

Board-approved plan (for projected Recurring Revenue), to be provided by Borrower to Lender in accordance with Section 5(h), above, or (y) $15,185,000.

---

**CORPORATE BORROWING CERTIFICATE**

**BORROWER**: **SHOTSPOTTER, INC.** **DATE**: August , 2016
**LENDER: ORIX GROWTH CAPITAL, LLC**

I hereby certify as follows, as of the date set forth above:

1. I am the Secretary, Assistant Secretary or other officer of Borrower. My title is as set forth below.

2. Borrower's exact legal name is set forth above. Borrower is a corporation existing under the laws of the State of Delaware.

3. Attached hereto are true, correct and complete copies of Borrower's Certificate of Incorporation (including amendments), as filed with the Secretary of State of the state in which Borrower is incorporated as set forth in paragraph 2 above. Such Certificate of Incorporation have not been amended, annulled, rescinded, revoked or supplemented, and remain in full force and effect as of the date hereof.

4. The following resolutions were duly and validly adopted by Borrower's Board of Directors at a duly held meeting of such directors (or pursuant to a unanimous written consent or other authorized corporate action). Such resolutions are in full force and effect as of the date hereof and have not been in any way modified, repealed, rescinded, amended or revoked, and Lender may rely on them until Lender receives written notice of revocation from Borrower.

**RESOLVED**, that **any one** of the following officers or employees of Borrower, whose names, titles and signatures are below, may act on behalf of Borrower:

| Name | Title | Signature | Authorized to Add or Remove Signatories |
|---|---|---|---|
| | | | ☐ |
| | | | ☐ |
| | | | ☐ |
| | | | ☐ |

**RESOLVED FURTHER,** that **any one** of the persons designated above with a checked box beside his or her name may, from time to time, add or remove any individuals to and from the above list of persons authorized to act on behalf of Borrower.

**RESOLVED FURTHER,** that such individuals may, on behalf of Borrower:

**Borrow Money**. Borrow money from ORIX GROWTH CAPITAL, LLC ("Lender").
**Execute Loan Documents**. Execute any loan documents Lender requires.
**Grant Security**. Grant Lender a security interest in any of Borrower's assets.
**Negotiate Items**. Negotiate or discount all drafts, trade acceptances, promissory notes, or other indebtedness in which Borrower has an interest and receive cash or otherwise use the proceeds.
**Issue Warrants**. Issue warrants for Borrower's capital stock.
**Further Acts**. Designate other individuals to request advances, pay fees and costs and execute other documents or agreements (including documents or agreement that waive Borrower's right to a jury trial) they believe to be necessary to effectuate such resolutions.

**RESOLVED FURTHER,** that all acts authorized by the above resolutions and any prior acts relating thereto are ratified.

---

5. The persons listed above are Borrower's officers or employees with their titles and signatures shown next to their names.

SHOTSPOTTER, INC.

By: _____
Name: _____
Title: _____

*** *If the Secretary, Assistant Secretary or other certifying officer executing above is designated by the resolutions set forth in paragraph 4 as one of the authorized signing officers, this Certificate must also be signed by a second authorized officer or director of*

*Borrower*.

I, the [print title] of Borrower, hereby certify as to paragraphs 1 through 5 above, as of the date set forth above.

By: _____
Name: _____
Title: _____

---

**SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT**

This Second Amendment to Loan and Security Agreement (this "Amendment") is entered into as of March 28, 2017, by and between ORIX GROWTH CAPITAL, LLC (f/k/a ORIX VENTURES, LLC, "Lender") and SHOTSPOTTER INC. ("Borrower").

RECITALS

A Borrower and Lender are parties to that certain Loan and Security Agreement dated as of September 25, 2015 (as amended from time to time, including by that certain Default Waiver, Consent and First Amendment to Loan and Security Agreement dated as of August 8, 2016 and that certain Forbearance to Loan and Security Agreement dated as of December 8, 2016, collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

B Borrower has requested that Lender (i) increase the credit availability under the Agreement and (ii) make certain other revisions to the Agreement as more fully set forth herein. Lender has agreed to such consent and revisions, 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.

NOW, THEREFORE, the parties agree as follows:

**1. Amendments**.

**1.1** The following defined terms hereby are added to Section 7 of the Agreement, or amended and restated, as follows:

"Second Amendment Closing Date" means March 28, 2017.

"Warrant" means, collectively, (i) that certain Warrant to Purchase Stock dated of even date herewith, issued by Borrower in favor of ORIX Finance Equity Investors, LP, a Delaware limited partnership and (ii) that certain Warrant to Purchase Stock dated as of the Second Amendment Closing Date, issued by Borrower in favor of ORIX Finance Equity Investors, LP, a Delaware limited partnership.

**1.2** Section 1 of the Schedule hereby is amended and restated in its entirety to read as follows:

"**1. LOAN AMOUNT** (Section 1.1)**:**

(1) Amount. The Loan shall consist of an initial Term Loan in the original principal amount of $12,000,000 (the "Term A Loan"), a second Term Loan in the original principal amount up to $1,500,000 (the "Term B Loan") and, if Borrower achieves the Funding Milestone on or prior to September 30, 2017, a third Term Loan in the original principal amount up to $1,500,000 (the "Term C Loan", and together with the Term A Loan and the Term B Loan, the "Term Loans") as follows. ("Loan" or "Loans" as used in the Agreement means, collectively, the Term Loans.)

(2) Disbursements. Subject to the terms and conditions in this Agreement, (a) the Term A Loan was disbursed to Borrower prior to the Second Amendment Closing Date, (b) the Term B Loan shall be disbursed on the Second Amendment Closing Date and (c) if Borrower has achieved the Funding Milestone as of any date the Term C Loan is requested to be disbursed, the Term C Loan shall be disbursed on or before September 30, 2017. Except for a disbursement of the entire unused balance of the Term C Loan, each disbursement shall be in an amount equal to $500,000 or a whole multiple of $100,000 in excess thereof. Requests for a disbursement of the Term C Loan shall be made by Borrower to Lender in writing at least three Business Days before the date the disbursement is to be made. Disbursements of the Term C Loan shall not be made after September 30, 2017. No portion of the Term Loans may be reborrowed after being repaid.



---

As used herein, "Funding Milestone" means, as of any date of determination, Borrower's Total Funded Debt is less than or equal to 75% of its Recurring Revenue, annualized for the preceding 3 months, as determined by Lender on the basis of Borrower's most recent financial statements and Recurring Revenue Reports provided by Borrower to Lender pursuant to Section 5 of the Schedule. As used herein, "Total Funded Debt" means, at any date of measurement, the outstanding aggregate amount of Indebtedness owing to any Person (including pro forma amounts funded under the Term C Loan).

As used herein, "Recurring Revenue" means GAAP revenue of Borrower recognized during the measurement period from subscription licenses and maintenance support contracts, less subscription or support revenue from any customer that (i) has elected to cancel or not renew its license or maintenance contract, (ii) goes out of business or is insolvent, or (iii) has a receivable aged more than 120 days, unless otherwise approved by Lender on a case by case basis, at Lender's sole discretion; for sake of clarity, professional services, including but not limited to upfront setup fees, shall not be considered "Recurring Revenue."

(3) Principal Payments. Commencing on November 1, 2017 and continuing on the first Business Day of each calendar month until the Maturity Date, the entire unpaid principal balance of the Loan outstanding as of November 1, 2017 (the "Principal Commencement Date") shall be repaid in principal installments in an amount equal to the aggregate principal amount of the Loan outstanding on the Principal Commencement Date divided by thirty-six (36). The entire unpaid principal balance of the Loan plus any and all accrued and unpaid interest shall be paid on the Maturity Date."

**1.3** New Section 3.(d) hereby is added to the Schedule to read as follows:

"**(d) Second Amendment Closing Fee**. A closing fee of $30,000 shall be due and payable on the Second Amendment Closing Date."

**1.4** Section 5(b) of the Schedule hereby is amended and restated in its entirety to read as follows:

"(b) Recurring Revenue report, within thirty (30) days after the end of each month and with each request for a Term C Loan;

**1.5** Section 6. of the Schedule hereby is amended and restated in its entirety to read as follows:

"**6. FINANCIAL COVENANTS (SECTION 4.8).**

Borrower shall comply with the following financial covenants (the "Financial Covenants"). Compliance shall be measured monthly, except as may be otherwise provided below.

**(a) Minimum Recurring Revenue**: Borrower's Recurring Revenue, annualized for the preceding 3 months, shall be not less than the following amounts, for the respective measuring periods set forth below:

| Period Ending | Minimum Recurring Revenue |
|---|---|
| March 31, 2017 | $ 16,500,000 |
| June 30, 2017 | $ 17,500,000 |
| September 30, 2017 | $ 18,500,000 |
| December 31, 2017 | $ 20,000,000 |



Thereafter, Borrower's annualized quarterly Recurring Revenue shall not be less than the greater of (x) 80% of Borrower's Board-approved plan (for projected Recurring Revenue), to be provided by Borrower to Lender in accordance with Section 5(h), above, or (y) $20,000,000.

**(b) Minimum Cash**: Borrower shall, at all times, have unrestricted cash in domestic Deposit Accounts, in Borrower's sole name, that are maintained by Borrower in accordance with Section 4.5(xv), of not less than (x) $1,000,000, from the Second Amendment Closing Date through September 29, 2017; and (y) $1,500,000 at all times thereafter."

**1.6** Exhibit B to the Agreement hereby is replaced with Exhibit B attached hereto.

**2.** No course of dealing on the part of Lender or its officers, nor any failure or delay in the exercise of any right by Lender, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Lender's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Lender thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Lender.

**3.** Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Lender under the Agreement, as in effect prior to the date hereof.

**4.** Borrower represents and warrants that the Representations and Warranties contained in Article 3 of the Agreement are true and correct as of the date of this Amendment, and that no Event of Default has occurred and is continuing.

**7.** As a condition to the effectiveness of this Amendment, Lender shall have received, in form and substance satisfactory to Lender, the following:

**(a)** this Amendment, duly executed by Borrower;

**(b)** a Warrant to Purchase Stock, duly executed by Borrower;

**(c)** a corporate borrowing certificate for Borrower, in the form attached hereto;

**(d)** payment of a closing fee of $30,000 in accordance with Section 3.(d) of the Schedule (as amended herein), which shall be non-refundable;

**(e)** all reasonable expenses incurred by Lender and its Affiliates, in connection with the preparation, negotiation, execution, delivery and administration of this Amendment; and

**(f)** such other documents, and completion of such other matters, as Lender may reasonably deem necessary or appropriate.

**5.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.



IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

SHOTSPOTTER, INC., a Delaware corporation

By: /s/ Alan R. Stewart

Title: CFO

ORIX GROWTH CAPITAL, LLC (f/k/a ORIX VENTURES, LLC), a Delaware limited liability company

By: /s/ Mark Campbell

Title: Authorized Representative

**[*Signature Page to Second Amendment to Loan and Security Agreement*]**

EXHIBIT B

**COMPLIANCE CERTIFICATE**

**Please send all Required Reporting to:** ORIX Corporate Capital Inc. 1717 Main St., Suite 1100 Dallas, TX 75201 Fax: (469) 385-1353 with a copy to: ORIX USA Corporation, 1717 Main St., Suite 1100 Dallas, TX 75201 Fax: (214) 461-8271

**FROM:** SHOTSPOTTER, INC. ("Borrower")

The undersigned authorized Officer of SHOTSPOTTER, INC. hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement between Borrower and Lender (the "Agreement"), (i) Borrower is in complete compliance for the period ending with all required covenants, including without limitation the ongoing registration of intellectual property rights in accordance with Section 3.11, except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct in all material respects as of the date hereof (provided, that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date). Attached herewith are the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.
Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column.

| REPORTING COVENANTS | REQUIRED | COMPLIES | |
|---|---|---|---|
| Company Prepared Monthly F/S | Monthly, within 30 days | YES | NO |
| Recurring Revenue Report | Monthly, within 30 days; with each request for a | YES | NO |

| | Term C Loan | | |
|---|---|---|---|
| Company Prepared Quarterly F/S | Quarterly, within 45 days | YES | NO |
| Compliance Certificate | Monthly, within 30 days | YES | NO |
| CPA Audited, Unqualified F/S | Annually, within 180 days of FYE | YES | NO |
| Annual Budget (incl Financial Projections) | Annually, by January 31 | YES | NO |
| Intellectual Property Report | Monthly, within 30 days | YES | NO |
| If Public: | | | |
| 10-Q | Quarterly, within 5 days of SEC filing (50 days) | YES | NO |
| 10-K | Annually, within 5 days of SEC filing (95 days) | YES | NO |

| FINANCIAL COVENANTS | REQUIRED | ACTUAL | COMPLIES | |
|---|---|---|---|---|
| **TO BE TESTED MONTHLY, UNLESS OTHERWISE NOTED:** | | | | |
| Minimum Recurring Revenue (tested quarterly) | [See attached Annex I] | $ | YES | NO |
| Minimum Cash | $1,000,000 through 9/29/17; $1,500,000 thereafter | $ | YES | NO |

Please Enter Below Comments Regarding Violations:

The Officer further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no credit extensions will be made.

Very truly yours,

_____

Authorized Signer

Name: _____

Title: _____

**Annex I**
**to Compliance Certificate**

[Minimum Annualized Recurring Revenue]

| Period Ending | Minimum Recurring Revenue* | |
|---|---|---|
| March 31, 2017 | $ | 16,500,000 |
| June 30, 2017 | $ | 17,500,000 |
| September 30, 2017 | $ | 18,500,000 |
| December 31, 2017 | $ | 20,000,000 |

Thereafter, Borrower's annualized quarterly Recurring Revenue shall not be less than the greater of (x) 80% of Borrower's Board-approved plan (for projected Recurring Revenue), to be provided by Borrower to Lender in accordance with Section 5(h), above, or (y) $20,000,000.

*annualized for the preceding 3 months

**CORPORATE BORROWING CERTIFICATE**

**BORROWER**: **SHOTSPOTTER, INC.** **DATE**: March , 2017
**LENDER: ORIX GROWTH CAPITAL, LLC**

I hereby certify as follows, as of the date set forth above:

1. I am the Secretary, Assistant Secretary or other officer of Borrower. My title is as set forth below.

2. Borrower's exact legal name is set forth above. Borrower is a corporation existing under the laws of the State of Delaware.

3. Attached hereto are true, correct and complete copies of Borrower's Certificate of Incorporation (including amendments), as filed with the Secretary of State of the state in which Borrower is incorporated as set forth in paragraph 2 above. Such Certificate of Incorporation have not been amended, annulled, rescinded, revoked or supplemented, and remain in full force and effect as of the date hereof.

4. The following resolutions were duly and validly adopted by Borrower's Board of Directors at a duly held meeting of such directors (or pursuant to a unanimous written consent or other authorized corporate action). Such resolutions are in full force and effect as of the date hereof and have not been in any way modified, repealed, rescinded, amended or revoked, and Lender may rely on them until Lender receives written notice of revocation from Borrower.

**RESOLVED**, that **any one** of the following officers or employees of Borrower, whose names, titles and signatures are below, may act on behalf of Borrower:

| Name | Title | Signature | Authorized to Add or Remove Signatories |
|---|---|---|---|
| | | | ☐ |
| | | | ☐ |
| | | | ☐ |
| | | | ☐ |

**RESOLVED FURTHER,** that **any one** of the persons designated above with a checked box beside his or her name may, from time to time, add or remove any individuals to and from the above list of persons authorized to act on behalf of Borrower.

**RESOLVED FURTHER,** that such individuals may, on behalf of Borrower:

**Borrow Money**. Borrow money from ORIX GROWTH CAPITAL, LLC ("Lender").
**Execute Loan Documents**. Execute any loan documents Lender requires.
**Grant Security**. Grant Lender a security interest in any of Borrower's assets.
**Negotiate Items**. Negotiate or discount all drafts, trade acceptances, promissory notes, or other indebtedness in which Borrower has an interest and receive cash or otherwise use the proceeds.
**Issue Warrants**. Issue warrants for Borrower's capital stock.
**Further Acts**. Designate other individuals to request advances, pay fees and costs and execute other documents or agreements (including documents or agreement that waive Borrower's right to a jury trial) they believe to be necessary to effectuate such resolutions.

**RESOLVED FURTHER,** that all acts authorized by the above resolutions and any prior acts relating thereto are ratified.

---

5. The persons listed above are Borrower's officers or employees with their titles and signatures shown next to their names.

SHOTSPOTTER, INC.

By: _____
Name: _____
Title: _____

*** *If the Secretary, Assistant Secretary or other certifying officer executing above is designated by the resolutions set forth in paragraph 4 as one of the authorized signing officers, this Certificate must also be signed by a second authorized officer or director of Borrower.*

I, the _____ of Borrower, hereby certify as to paragraphs 1 through 5 above, as
[print title]
of the date set forth above.

By: _____
Name: _____
Title: _____

---

**Exhibit 21.1**

List of Subsidiaries of ShotSpotter, Inc.

| Company Name | Jurisdiction |
| --- | --- |
| ShotSpotter (Pty.) Ltd. | South Africa |

QuickLinks -- Click here to rapidly navigate through this document

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the use in this Registration Statement on Form S-1 of ShotSpotter, Inc. of our report dated March 29, 2017, relating to the consolidated financial statements as of December 31, 2016 and 2015 and for the years then ended, and to the reference to our Firm under the caption "Experts".

/s/ BAKER TILLY VIRCHOW KRAUSE, LLP

Minneapolis, Minnesota
May 2, 2017

QuickLinks