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As filed with the Securities and Exchange Commission on April 9, 2021.

Registration No. 333-

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

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

The Honest Company, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	5961	90-0750205
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

12130 Millennium Drive, #500
Los Angeles, CA 90094
(888) 862-8818
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Nikolaos Vlahos
Chief Executive Officer
The Honest Company, Inc.
12130 Millennium Drive, #500
Los Angeles, CA 90094
(888) 862-8818
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

C. Thomas Hopkins Nicole Brookshire Siana Lowrey Sara Semnani Cooley LLP 1333 2nd Street, Suite 400 Santa Monica, CA 90401 (310) 883-6400	Kelly Kennedy Executive Vice President, Chief Financial Officer Brendan Sheehey General Counsel The Honest Company, Inc. 12130 Millennium Drive, #500 Los Angeles, CA 90094 (888) 862-8818	Alan F. Denenberg Stephen Salmon Davis Polk & Wardwell LLP 1600 El Camino Real Menlo Park, CA 94025 (650) 752-2000

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐
		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 each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common stock, par value $0.0001 per share	$100,000,000	$10,910

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of any additional shares that the underwriters have the option to purchase.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant will file a further amendment which specifically states that this Registration Statement will thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement will 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 and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated , 2021

PRELIMINARY PROSPECTUS

Shares

COMMON STOCK

This is an initial public offering of shares of common stock of The Honest Company, Inc. We are offering shares of our common stock and the selling stockholders identified in this prospectus are offering an additional shares of our common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price for our common stock will be between $ and $ per share. We have applied to list our common stock on The Nasdaq Global Select Market under the symbol "HNST."

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

Investing in our common stock involves risks. See the section titled "Risk Factors" beginning on page 19 to read about factors you should consider before buying our common stock.

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

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to The Honest Company, Inc.	$	$
Proceeds, before expenses, to the selling stockholders	$	$

(1) See the section titled "Underwriting" for additional information regarding compensation payable to the underwriters.

At our request, the underwriters have reserved up to % of the shares of common stock offered by this prospectus for sale, at the initial public offering price, to certain individuals identified by our directors and officers. See the section titled "Underwriters—Directed Share Program" for additional information.

We have granted the underwriters an option for a period of 30 days to purchase up to an additional shares of common stock from us and the selling stockholders at the initial public offering price less the underwriting discounts and commissions.

The underwriters expect to deliver the shares of common stock to purchasers on , 2021.

Morgan Stanley **J.P. Morgan** **Jefferies**

BofA Securities **Citigroup** **William Blair** **Guggenheim Securities**

Telsey Advisory Group **C.L. King & Associates** **Loop Capital Markets** **Penserra Securities LLC** **Ramirez & Co., Inc.**

Prospectus dated , 2021.

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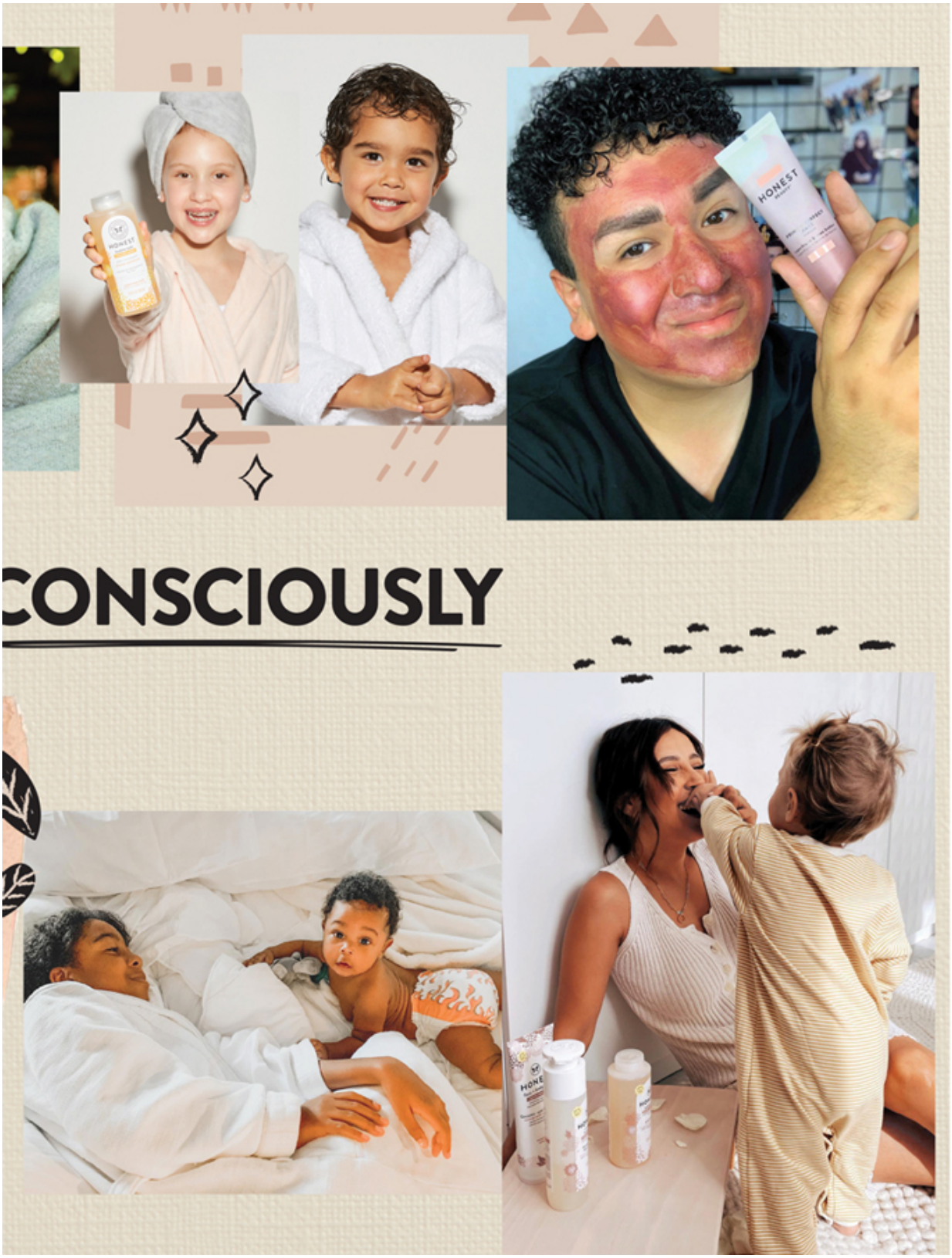

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Prospectus

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Neither we, the selling stockholders nor any of the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we, the selling stockholders nor any of the underwriters take responsibility for, or can provide any assurance as to the reliability of, any other information that others may give you. We, the selling stockholders and the underwriters are offering to sell, and seeking offers to buy, shares of our common stock only under circumstances and in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, financial condition, results of operations, and prospects may have changed since that date.

For investors outside the United States: neither we, the selling stockholders nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States

who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States.

"The Honest Co.," The Honest Company logo, Honest Omni-Analytics, "NO list" and our other registered and common law trade names, trademarks and service marks are the property of The Honest Company, Inc. All other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners. Solely for convenience, the trademarks and trade names in this prospectus may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert their rights thereto.

We refer to Jessica Warren, our founder, Chief Creative Officer and Chair of our board of directors, as Jessica Alba in this prospectus.

When we refer to "digitally-native" throughout this prospectus, we mean that we launched our company as a digital platform.

FOUNDER LETTER

I founded The Honest Company because I had to.

My personal experiences helped create the foundation on which I built The Honest Company, so I want to share my story with you. I was born into a hardworking Mexican-American family. My parents worked multiple jobs, doing whatever it took to get by. I suffered from chronic illnesses, severe asthma and allergies, leading to long, lonely weeks in the hospital. There were no lasting solutions for my health issues and by the time I was ten, I became aware of how wellness can define your whole life. That's never left me. It's difficult to be happy and to thrive when your health is compromised. It was my first real honest moment, a time in my life that inspired me to clarify my values. It wouldn't be my last.

Thirteen years ago, I was pregnant with my first child and my entire world turned upside down—or, rather, right side-up. All my priorities shifted to this new little person. When I used a laundry detergent marketed for babies on items from my baby shower, I was shocked when it triggered an allergic reaction. It took me back to those awful memories of being ill as a child. What if my child had the same reactions to these products as I did? And I was scared. Once that trust was broken, there was no going back.

I tried to shop around the problem, but it was expensive and time-consuming. I experimented with DIY products that never really worked. Trying to make the right choices was too hard and I couldn't do it alone. I finally turned to online communities and found so many people facing the same struggles I had. I did research and learned that exposure to certain harsh chemicals found in everyday products has been linked to a rise in chronic illnesses, childhood cancers, learning disabilities and hormone disruptors. I lobbied on Capitol Hill for chemical legislation reform, but was faced with the sad reality of how much human health has been politicized. The solutions I tried in the marketplace were too expensive, ineffective and hard to find. I craved one brand that holistically addressed my needs, that educated without fear, that supported a community of like-minded conscious consumers, that prioritized transparency and didn't make you choose between what works and what's good for you. So, I spent the next three years trying to figure out how to do that...

It's all about an Honest start.

Over a decade ago, when I had the vision for a business that prioritized people and the planet, the world was different. Building a brand based on conscious consumers was considered niche and not scalable. Transparency and compassion were not the pillars of a successful business. The big businesses and ultimate decision makers for what goes in, on and around us were dominated by a very narrow leadership profile. This may have been the status quo, but I knew it needed to change. Here's what I believed:

Health and wellness are a universal foundation for a life well-lived and should be accessible to all.

Living a healthy life shouldn't be a privilege. The effects of health inequality are magnified for marginalized and underserved communities and they don't have to be.

Businesses can stand for good, and compassion isn't only for non-profit organizations.

I wanted Honest to be built on a type of business model that I had never seen created before, a mission-based, for-profit model that addresses health equity, sustainability and social justice.

The conscious consumer was out there, but they needed real support through education, community and convenience.

The only way to achieve this was to build an online destination for content, community and commerce, inspiring authentic dialogue and creating lasting connections.

I believed it shouldn't be so difficult to want better for yourself, your family and the world around you. I knew there were millions of others out there that shared my values, but the marketplace didn't have a solution. So, I had to create the change I wanted to see. That's how I founded The Honest Company.

Let's be Honest.

After our launch in 2012, there was an overwhelming immediate response and growth in the years that followed. We were raising the bar for the entire marketplace and becoming a David to the many Goliaths out there along the way. Our success and disruptive business model proved that the passion for a company anchored in values of consciousness, community and compassion was truly there. People today talk a lot about "feeling seen"; what they really mean is that they've found something that aligns with what matters to them and that they finally see themselves where they hadn't before. That's what Honest ultimately did: We created a purpose-driven company with the conscious consumer at its center.

Several years after our launch, however, I was facing another honest moment. Our rapid growth was compromising key business functions and we were outgrowing our infrastructure. In order to fulfill our mission, we needed the expertise and experience of a world-class business leader. Finding Nick Vlahos fulfilled what felt impossible at the time, a partner who cares as much about our mission as I do and believes that you can build a robust business around what Honest values most. With Nick as our Chief Executive Officer, we've solidified our foundation and built our organizational capabilities and processes, including research and development, procurement, supply chain and operations to deliver on our promise and set the path for the future.

Authenticity is our authority.

Living through one of the greatest times of uncertainty we've ever faced has definitely been an honest moment for all of us. While I've seen iconic companies that I grew up with disappear overnight, Honest has thrived by maintaining the spirit of a start-up with the soul of a powerhouse. When faced with challenges, we meet them with transparency, authenticity and a commitment to learn and adjust quickly. When the COVID-19 pandemic hit and we went into lockdown, people became more aware of their health and what they bring into their homes. Honest never wavered in being there for them. The nature of our business is nimble, so we're able to listen to our consumer, innovate and deliver when it matters most. For example, we created and brought to market a new Stay Safe cleaning collection, a complete set of cleaning, sanitizing and disinfecting solutions, in less than six months.

We're continually adjusting to meet our consumer's new behaviors. Our robust omnichannel distribution model allows us to be accessible however consumers are shopping. With a dynamic influencer strategy, we can consistently build community through relevant, "snackable" content that educates and entertains. Being digitally-native means that we'll always be at the forefront of how people communicate and connect.

Trust in a brand is driven by consumers. It's hard to earn and it's easy to lose. In times of great pressure, we've committed to doing what's right, not just what's easy. During this pandemic, we've seen behavior shift to support businesses that align with purpose and values. Our trajectory has shown that people continue to choose Honest. Honest continues to box above its weight with consumers and customers.

We're the conscious living company for today and tomorrow.

Success is not only about the bottom line; it's also about leaving the world better than we found it. We believe in the "butterfly effect"—when working towards a common goal, small steps in the right direction add up to monumental change. We've supported our non-profit partners to continue pushing for equity, justice and access on a national and global scale. To date, we've donated over approximately 25 million essential products to people in need.

Sadly, the pandemic has only magnified the everyday struggles that far too many people face, lacking essential products for their personal and family needs or having to reuse diapers to get through the day. Together with Baby2Baby, our official charitable partner, we've stepped up distribution of essential items during this immense time of need by committing to donating 3.5 million diapers, wipes and personal care products via family resource centers, homeless shelters, health clinics and Head Start centers to families impacted by the COVID-19 pandemic. We know that marginalized and underserved communities are impacted much more profoundly, so we've donated over 345,000 products for natural disaster survivors. Giving back is built into our business model; the better we do, the bigger impact we make.

My vision for Honest was to build a company that operates with consciousness and compassion from the inside out. Honest has always been a destination for people who want to live and work with purpose. We feel a great responsibility towards the culture that we're creating with our employees and we're passionate about reflecting the world we want to see. We provide all full-time employees time off to volunteer up to 20 hours annually at the non-profit of their choice and match employee donations to their causes. To date, Honest employees have already contributed over 18,500 hours to help communities in need. We also encourage civic participation, giving employees time off to vote.

As a female founder and woman of color, I know how important it is to create a working environment with an inclusive approach to personal support and professional opportunity. We haven't hesitated to step up, put our stake in the ground and push to build a kind of company that reflects the true scope of our communities and values. With the support of our CEO and our Chief People Officer, we've created a future-facing culture. We prioritize diversity and inclusion into our recruitment, hiring and development processes. We created the Honest University, an award-winning professional development program available to employees at every level of our organization. As employees now and in the generation to come push to bring their whole self to work, we've created a values-driven culture that embraces dialogue, action and change. Our Employee Resource Groups offer a safe forum to uplift and develop employee-led initiatives that address issues that matter most to them. To date, we've developed a range of programs and employee resource groups to drive the continued representation, belonging and success of every member of the Honest team.

Welcome to our world.

We're just getting started on our journey; by becoming a stockholder, you're not only part of a business, you're part of a movement. Here's what we're committing to you:

We'll passionately prioritize the health and well-being of people and the planet.

We'll fearlessly challenge the status quo and innovate to deliver on our mission.

We'll continually push to be the best version of ourselves.

We're creating an Honest World. Join us.

Jessica Alba, Founder

About Jessica Alba

Founder Jessica Alba is a globally recognized business leader, entrepreneur, advocate, actress, and New York Times bestselling author of *The Honest Life*. As an influential Mexican-American, she's also a driver of the New Mainstream Economy of Latinx business and cultural leaders today. With a significant global reach including more than 39 million social media followers worldwide, she has an innate and invaluable ability to resonate and engage with the consumer, driving trends and connecting across demographics and generations. A relevant resource for the modern, conscious consumer, her accessible advice brings a stylish, forward-thinking approach to health and wellness, parenting, home and interior design, food and drink, fashion and accessories, events and experiences and much more.

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PROSPECTUS SUMMARY

This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary is not complete and does not contain all of the information you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus. You should carefully consider, among other things, the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Unless the context otherwise requires, the terms "The Honest Company," "the company," "we," "us," "our" and similar references in this prospectus refer to The Honest Company, Inc. and its subsidiaries.

Our Mission

Inspire everyone to love living consciously.

Overview: The Honest Difference

The Honest Company is a digitally-native, mission-driven brand focused on leading the clean lifestyle movement, creating a community for conscious consumers and seeking to disrupt multiple consumer product categories. Our commitment to our core values, passionate innovation and engaging our community has differentiated and elevated our brand and our products. Since our launch in 2012, we have been dedicated to developing clean, sustainable, effective and thoughtfully designed products. By doing so with transparency, we have cultivated deep trust around what matters most to our consumers: their health, their families and their homes. We are an omnichannel brand, ensuring our products are available however our consumers shop. Our differentiated platform positions us for continued growth through our trusted brand, award-winning multi-category product offering, deep digital-first connection with consumers and omnichannel accessibility.

Our integrated multi-category product architecture is intentionally designed to serve our consumers every day, at every age and through every life stage, no matter where they are on their journey. Today, our three categories are Diapers and Wipes, Skin and Personal Care and Household and Wellness, which represented 63%, 26% and 11% of our 2020 revenue, respectively. At the center of our product ecosystem are our diapers, which are a strategic consumer acquisition tool that acts as an entry point for our portfolio, as new parents often go on to purchase products from our other categories for their everyday family needs. According to a third-party study that we commissioned in 2020, nearly 90% of our diaper buyers surveyed expanded their purchases beyond diapers and nearly half have purchased two or more of our non-diaper products. Our integrated multi-category product architecture is designed to drive loyalty, increase our consumer wallet share and generate attractive consumer lifetime value.

We believe that our consumers are modern, aspirational, conscious and style-forward and that they seek out high quality, effective and thoughtfully designed products. We believe that they are passionate about living a conscious life and are enthusiastic ambassadors for brands they trust. As purpose-driven consumers, they transcend any one demographic, spanning gender, age, geography, ethnicity and household income. Honest consumers are often young, mobile-centric and digitally inclined. We build relationships with these consumers through a disruptive digital marketing strategy that engages them with "snackable" digital content (short-form, easily digestible content), immerses them in our brand values, and inspires them to join the Honest community. Our direct connection with our community enables us to understand what consumers' needs are and inspires our product innovation pipeline, generating a significant competitive advantage over more traditional consumer packaged goods, or CPG, peers.

Our omnichannel approach seeks to meet consumers however they want to shop, balancing deep consumer connection with broad convenience and accessibility. Since our launch, we have built a well-integrated omnichannel presence by expanding our retail accessibility across both Digital and Retail channels, including the

launch of strategic partnerships with Costco, Target and Amazon in 2013, 2014 and 2017, respectively. In 2020, we generated 55% and 45% of our revenue from our Digital and Retail channels, respectively. We maintain direct relationships with our consumers via our flagship digital platform, Honest.com, which allows us to influence brand experience and better understand consumer preferences and behavior. We increase accessibility of our products to more consumers through both the third-party pureplay ecommerce sites that, with Honest.com, comprise the rest of our Digital channel, and our Retail channel, which includes leading retailers and their websites. Our products can be found in approximately 32,000 retail locations across the United States, Canada and Europe. This distinctive business model has allowed us to efficiently scale our business while remaining agnostic as to the channel where consumers purchase our products. Our integrated omnichannel presence provides meaningful benefits to our consumer which we believe is not easily replicated by our competitors.

At Honest, we prioritize transparency, trust and sustainability in all that we do. Our purpose-driven mission inspires our commitment to safety and transparency, our philanthropic partnerships with our charity and community partners and our commitment to diversity and inclusion. We strive to reduce our environmental footprint. In 2020, we entered into an agreement to participate in a program to offset, through carbon offset projects, the greenhouse gas emissions resulting from our Honest.com shipments through the end of 2022. Our domestic Honest.com shipments were carbon neutral from May 2020 to October 2020 as a result of this program and we expect these shipments to continue to be carbon neutral through the end of 2022. Since inception, we have donated approximately 25 million essential products and our team has volunteered over 18,500 hours in our communities. Finally, as a company founded by a woman of color, we are proud to say that as of December 31, 2020, people of color represented nearly half of our workforce and women represented 68% and 53% of our workforce and leadership, which includes director level and above, respectively.

Our trusted brand, innovative product offering, deep consumer connection and differentiated omnichannel presence have driven strong financial performance. For example, we:

- Grew revenue 27.6% from $235.6 million in 2019 to $300.5 million in 2020;
- Grew revenue in our Diapers and Wipes, Skin and Personal Care and Household and Wellness categories by 16.4%, 35.5% and 116.5%, respectively, from 2019 to 2020;
- Increased gross margin from 2019 by 370 basis points to 35.9% in 2020;
- Generated a net loss of $14.5 million in 2020; and
- Achieved adjusted EBITDA of $11.2 million in 2020, or 4% of 2020 revenue.

Adjusted EBITDA is a measure that is not calculated in accordance with generally accepted accounting principles in the United States, or GAAP. For further information about how we calculate adjusted EBITDA, limitations of its use and a reconciliation of adjusted EBITDA to net loss, the most directly comparable financial measure stated in accordance with GAAP, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure—Adjusted EBITDA.”

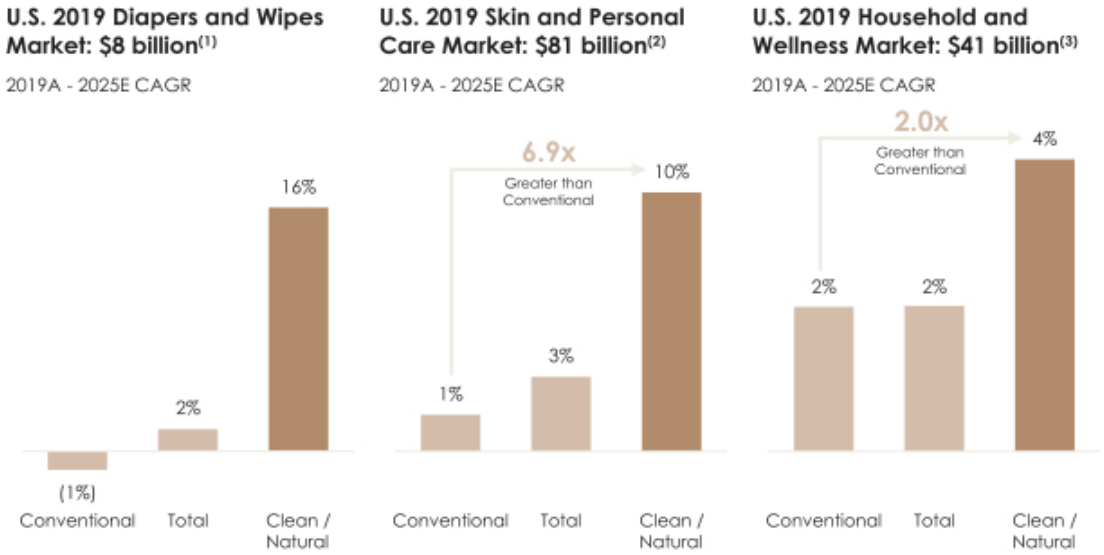
Our Industry

Rapidly Growing “Clean and Natural” Segment in Large Market

We believe that the “clean and natural” segments of the Diapers and Wipes, Skin and Personal Care and Household and Wellness markets are growing at outsized rates, as a result of the increasing shift in consumer demand for “better-for-you” products. In 2019, we estimate that the clean and natural U.S. Diapers and Wipes, Skin and Personal Care and Household and Wellness markets generated approximately $1 billion, $12 billion and $4 billion in retail sales, respectively, and that they will grow at a compound annual growth rate, or CAGR, of 16%, 10% and 4% from 2019 to 2025, respectively. This growth has far outpaced broader spending in all U.S.
Diapers and Wipes, Skin and Personal Care and Household and Wellness markets, which we estimate generated

approximately $8 billion, $81 billion and $41 billion of retail sales, respectively, in 2019, and which we estimate will grow at a CAGR of 2%, 3% and 2% from 2019 to 2025, respectively. Combined, we believe our market share is less than 5% of these markets overall, thus providing significant room for growth.

We believe that certain historical leading brands that have produced products in these categories for decades generally focus on single categories and offer products made with conventional ingredients that are less aligned with increasing consumer preference for clean and natural solutions. We believe that given consumers' growing focus on their health and wellness, reducing waste and promoting social impact, we are well-positioned to continue to take market share from these legacy brands.



"Conventional" refers to brands that did not make explicit claims that their products were natural, "better-for-you," naturally derived or simplified formulations, or similar claims. "Clean/Natural" refers to brands that make explicit claims regarding their products being natural, "better-for-you," naturally derived or simplified formulations, or similar claims.
(1) Based off aggregated data of at least 25 brands.
(2) Based off aggregated data of at least 90 brands.
(3) Based off aggregated data of at least 115 brands.

We believe that this market shift towards clean and natural products is in its early stages. Despite the growth of the clean and natural categories, the implied clean and natural market penetration of the total Diapers and Wipes, Skin and Personal Care and Household and Wellness markets in the United States in 2019 is estimated to be 11%, 14% and 10%, respectively, according to a third-party study that we commissioned. This estimated market penetration is calculated based on comparing the clean and natural portion of a certain market compared to the relevant total market. We believe this illustrates the whitespace opportunity for further market penetration and category growth in the clean and natural segments.

Significant Growth in Digital Channels

In tandem with this category growth, a fundamental channel shift is underway across the Diapers and Wipes, Skin and Personal Care and Household and Wellness markets. Historically, products in these markets have been sold through traditional, wholesale, store-based channels, which accounted for approximately 80% of U.S. retail sales in these markets in 2019, according to our estimates. In recent years, consumer behavior has transitioned toward digital and direct-to-consumer channels. According to our estimates, from 2014 to 2019, total ecommerce sales grew at seven times the rate of brick and mortar store-based sales. We see consumers increasingly self-educating on the benefits of clean and natural products through social media, influencers and

other online content, driving digital engagement and purchasing that supports continued outsized growth of the ecommerce channel.

We expect these trends to continue and believe the move in consumer preferences towards clean and sustainable products, as well as the growth in the digital channel, will accelerate globally. As a leader in the clean CPG movement and a driver of the shift to omnichannel in the CPG space, we believe that we are well-positioned to capitalize and continue to lead innovation on these industry trends both in the United States and globally.

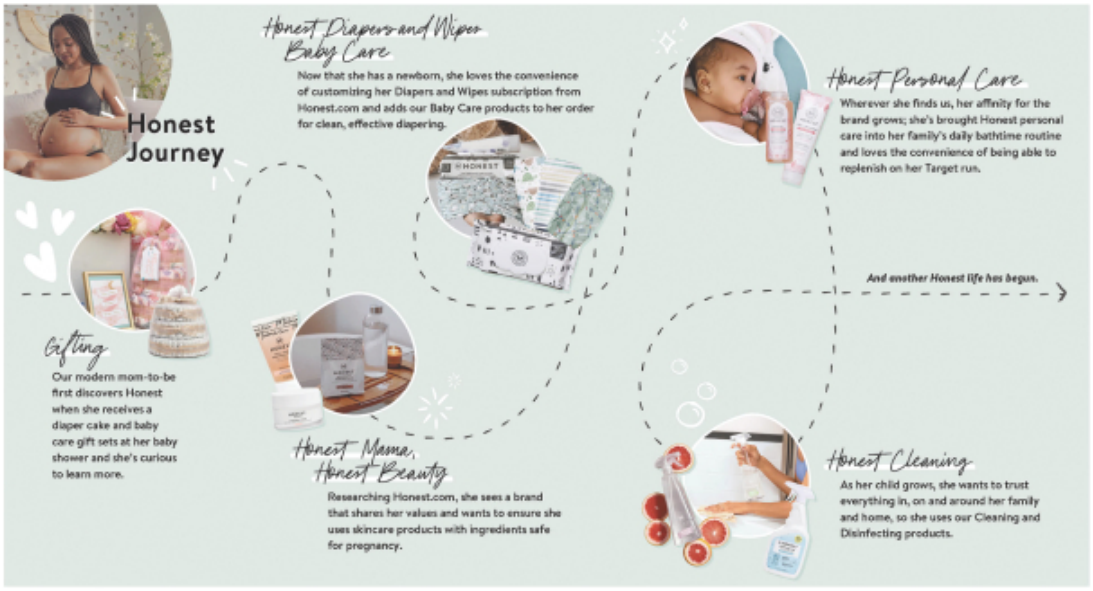
Our Strengths

Mission-Driven Brand Inspiring Deep Consumer Affinity Across Categories

Our brand promise results in deep consumer affinity, loyalty and broad desire to shop our brand across categories. According to a third-party study that we commissioned among then-current diaper, personal care and beauty buyers of certain brands, Honest is ranked #1 or #3 across indices of "better-for-you" credibility, expressive brand personality and functional excellence. A large majority of respondents stated that they would recommend our diaper products to their friends, family and others, representing a net promoter score of 78 among consumers who primarily shop Honest diapers. We have meaningfully expanded our brand reach throughout the United States but believe that we still have significant whitespace opportunity for growth, as demonstrated by our unaided brand awareness of 25% among diaper buyers according to our consumer research as of January 2021.

Leveraging our brand equity, we have developed an integrated, multi-category product architecture intentionally designed to serve our consumers every day, at every age and through every life stage, no matter

where they are on their journey. We have become an increasingly integral part of consumers' lives, serving them across their pregnancy, baby, beauty and household care needs, with a goal of capturing significant wallet share, high repeat purchasing rates and attractive consumer lifetime value. In 2020 alone, 34% of first-time Honest.com buyers purchased at least one Skin and Personal Care product, 46% of first-time Honest.com buyers purchased at least one Diapers and Wipes product and 34% of first-time Honest.com buyers purchased at least one Household and Wellness product.



Deep Connection with Consumers

Since inception, we have grown our brand and deepened our consumer relationships through our "Content, Community, Commerce" strategy. We produce highly relevant, "snackable" content and engage with consumers through multiple touchpoints, including our flagship digital platform, Honest.com, our social media presence where we reach approximately four million followers across our social media accounts, and other digital mediums. We believe that our ability to own and nurture our consumer relationships represents a meaningful competitive advantage over traditional CPG peers, who largely rely on retailers and traditional mediums to sell their products. These relationships with our consumers inform our product innovation and allow us to move faster to bring new and improved products to market. At Honest, we have curated an aspirational conscious lifestyle platform. We activate it via our social media and digital marketing capabilities, to differentiate our brand and build direct consumer relationships. As a result, we have fostered a highly engaged social media community who shares our passion for conscious living, further enhancing our reputation as a purpose-driven brand.

In-House Product Development Capabilities that Power Innovation

Product innovation lies at the heart of our business. We have built a high-performance product development team that sets new standards with a proven track record of bringing innovative, award-winning products to market. To maximize the impact of our product development capabilities, our direct connection with our community enables us to understand what consumers' needs are and inspires our product innovation pipeline, which we believe generates a significant competitive advantage over more traditional CPG peers. Our product innovation is inspired by feedback from our consumers that we receive through multiple avenues, including through our internal customer service team, comments left by consumers on our social media platforms and product ratings on our website and retailer's websites. For example, we created and brought to market a new Stay Safe cleaning collection, a complete set of cleaning, sanitizing and disinfecting solutions, in less than six months after the onset of COVID-19. In 2020, 22% of our revenue was generated from stock keeping units, or SKUs, introduced in 2020. In addition to using these capabilities to innovate new products to bring to market, we also regularly reformulate or update existing products, improving performance and expanding gross margin. We have won over 100 awards, including the 2020 "Parents" Best for Baby Award and seven Allure Best of Beauty awards.

Integrated Omnichannel Approach to Drive Discovery and Accessibility

Our multi-channel presence across our complementary Digital and Retail channels allows us to meet our consumers however they want to shop, mirroring their shopping behaviors and providing availability and accessibility that we believe our competitors would find hard to replicate. Our integrated omnichannel approach has driven brand building and organic lead generation, while maximizing consumer connection, experience and accessibility to encourage long-term consumer relationships. Our Digital channel is comprised of both our flagship digital platform, Honest.com, and third-party pureplay ecommerce sites. Honest.com enables us to maintain direct relationships with our consumers, influence brand experience and better understand consumer preferences and behavior. Our third-party pureplay ecommerce partners and our Retail channel, which includes leading retailers and their websites, increase accessibility of our products to more consumers. We have developed a distinctive business model that has allowed us to efficiently scale our business while making us agnostic to the channel where consumers purchase our brand. Our omnichannel strategy has meaningfully increased access to our products. According to a third-party study that we commissioned, 79% of recent diaper buyers who originate on Honest.com also shopped for Honest diapers in retail brick and mortar stores.

Scalable Infrastructure and High-Performance Team to Support Growth

We have made significant investments in recent years designed to provide a stable foundation for our business as it scales. We have built state-of-the-art infrastructure, systems and processes to support our core

in-house capabilities, including research and development, sales and marketing, brand management, distribution and logistics and customer service. We believe this foundation is highly scalable and therefore capable of supporting our future growth.

We are led by a strong team of consumer industry veterans who are united by a passion for our mission and a belief in our vast future potential. Our founder, Jessica Alba, is a globally recognized business leader, entrepreneur, advocate, actress and New York Times bestselling author. With a significant global reach including more than 39 million social media followers worldwide across social media accounts, she has an innate and invaluable ability to resonate and engage with the consumer, driving trends across demographics and generations. Her partnership with our Chief Executive Officer, Nick Vlahos, represents a distinctive combination of her entrepreneurial, authentic insights and his deep experience in the consumer products industry. Nick brings over 30 years of experience in the consumer products industry, including most recently as Chief Operating Officer at The Clorox Company, and previously as Vice President—General Manager of Burt's Bees. We believe our blend of talent, experience and culture gives us the ability to drive sustainable growth.

Our Growth Strategy

We intend to drive growth and increased profitability in our business through these key elements of our strategy:

Drive Marketing Innovation to Increase Consumer Engagement

- *Deepen Consumer Relationships.* We plan to deepen our existing consumer relationships to improve our revenue retention and increase our wallet share. We intend to further promote our strong brand equity, develop a more holistic offering for all life stages through strategic product innovation and enhance our consumer experience and product accessibility through coordinated cross-channel efforts with the goal of increasing purchase frequency and overall customer spend.
- *Grow Brand Awareness and Encourage Trial.* Our unaided brand awareness of 25% among diaper buyers illustrates an opportunity to broaden our consumer base and drive future growth. We are focused on increasing brand awareness and consumer touchpoints by leveraging our differentiated content, engaged community and omnichannel strategy with continued investment in innovative brand and performance marketing. We believe increasing brand awareness could be a significant growth driver for our company.

Drive Accretive Product Innovation

- *Improve Existing Products.* We strive for continuous improvement in our existing products' safety, sustainability, efficacy and design profile, as exemplified by the introduction of our clean conscious diaper in January 2021. We believe continuous innovation is important to accelerating our growth, deepening consumer connections and improving the profitability of our product offering.
- *Introduce Innovative Products in Existing Categories.* We plan to leverage our direct relationship with our community of consumers, research and development experts, internal laboratories, rapid product development capabilities and flexible supply chain to drive agile innovation in our existing categories and gain market share. We are currently reviewing our beauty offering and ingredients to capitalize on advancements in clean formulations and sustainable packaging.
- *Launch New Categories.* We intend to leverage our in-house innovation capabilities to launch new products that disrupt adjacent product categories. Our direct relationship with our community of consumers provides insight into those categories in which latent demand exists. Moreover, our

consumer research indicates that our brand resonates in a broad set of adjacent product categories, including new product categories within Household and Wellness and Skin and Personal Care.

Continued Execution of Omnichannel Strategy to Drive Product Accessibility

- *Increase Sales Through Ecommerce Channels.* We plan to grow Honest.com by leveraging our deep connection with existing consumers and drawing new consumers through increased brand awareness and investing in performance marketing. Our flagship digital platform is core to our consumer engagement strategy, providing an immersive brand experience through our original content as well as a convenient shopping channel. Additionally, we intend to leverage our successful relationships with our third-party ecommerce partners with an aim to capture the growing portion of CPG sales transacted online in the United States.
- *Increase Breadth and Depth of Distribution at Domestic Retail Partners.* Building on our success at growing our Retail channel, we have additional whitespace opportunity to expand distribution. For the 52 weeks ending December 27, 2020, we had approximately 40% all-commodity volume, or ACV, in both our Diapers and Wipes and Skin and Personal Care categories across national multi-outlet stores compared to historical leading brands that have been on the market for decades in the same categories with 95 to 100% ACV. ACV is the measurement of a product's distribution weighted by the overall dollar retail sales attributable to the retail location distributing such product; a retail location would be counted as having sold the product or product group if at least one unit of the product was scanned for sale within the relevant time period. This metric provides a measurement of retail penetration that takes into account the importance of selling through retail locations with higher overall retail sales volumes, and as a result we believe that our competitors generally use the same measurement. We intend to enhance distribution with our existing retailers by leveraging our sales productivity and innovation, winning more shelf space and increasing the number of products we sell at retail locations that already carry our products. Additionally, we plan to increase our accessibility and reach a broader consumer base by strategically adding new retail partners, which would expand our ACV. We believe that Honest products attract an appealing consumer for our retailers. For example, based on a third-party study that we commissioned, during the eight month period ending January 2021, the average Honest consumer had a 14% higher average basket size (in dollars) when making any purchase than the average Target consumer, making Honest consumers more attractive to our retail partners due to higher average spending.
- *Grow International Sales.* In 2020, international sales represented 2% of our revenue while a significant number of Jessica Alba's social media followers were located outside the United States. We plan to accelerate our growth outside the United States by leveraging the Honest brand and global reach of Jessica Alba. We plan to prioritize markets where consumer trends towards clean, ingredient-led products in our categories are accelerating. We have entered Canada and Europe through partnerships with leading retailers and intend to leverage our proven consumer resonance to expand our footprint across existing and new accounts. We have a meaningful opportunity to leverage Jessica Alba's large following in Asia to tap into one of the largest addressable markets for baby and personal care products. We plan to partner with leading international retailers and third-party ecommerce platforms to allow us to efficiently expand our international reach.

Recent Developments

Set forth below are preliminary estimates of selected unaudited financial and other information for the three months ended March 31, 2021 and actual unaudited financial results for the three months ended March 31, 2020. Our unaudited interim consolidated financial statements for the three months ended March 31, 2021 are not yet available. The following information reflects our preliminary estimates based on currently available information and is subject to change. These preliminary estimates are forward-looking statements. We have provided ranges, rather than specific amounts, for the preliminary estimates of the financial information described below primarily because our financial closing procedures for the three months ended March 31, 2021 are not yet complete and, as a result, our final results upon completion of our closing procedures may vary from the preliminary estimates. All percentage comparisons to the prior year comparable period are measured to the midpoint of the range provided below.

	Three Months Ended March 31,		
	2021		2020
	(in thousands) (unaudited)		
	Low	High	
Revenue	$	$	$72,372
Net income (loss)	$	$	$ 559
Non-GAAP Financial Measure—Adjusted EBITDA			
Adjusted EBITDA	$	$	$ 4,463

- For the three months ended March 31, 2021, we expect to report revenue in the range of $ – $ million, representing growth in the range of % – % over the three months ended March 31, 2020. Revenue growth was driven primarily by .
- For the three months ended March 31, 2021, we expect to report net in the range of $ – $ million, representing a in the range of % – % versus the three months ended March 31, 2020. This expected net is primarily due to .
- For the three months ended March 31, 2021, we expect to report adjusted EBITDA in the range of $ – $ million, representing a in the range of % – % over the three months ended March 31, 2020. Adjusted EBITDA is a measure that is not calculated in accordance with GAAP. See below for a reconciliation of adjusted EBITDA to net for the ranges presented above for the three months ended March 31, 2021 and the actual results for the three months ended March 31, 2020. For further information about the limitations of the use of adjusted EBITDA, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure—Adjusted EBITDA.”

The following table reconciles expected net to adjusted EBITDA for the three months ended March 31, 2021, and reconciles actual net income to adjusted EBITDA for the three months ended March 31, 2020:

	Three Months Ended March 31,		
	2021		2020
	(in thousands) (unaudited)		
	Low	High	
Net income (loss)	$	$	$ 559
Interest and other (income) expense, net			159
Income tax provision			22
Depreciation and amortization			1,229
Stock-based compensation			1,923
Innovation Strategy expenses(1)			571
Related offering costs and other transaction-related expenses(2)			—
Total Adjusted EBITDA	$	$	$4,463

(1) Consists of professional fees and expenses and executive severance and termination expenses related to our Innovation Strategy, which we describe further in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure—Adjusted EBITDA."
(2) Consists of third-party costs associated with the preparation of this offering.

The data presented above reflects our preliminary estimates based solely upon information available to us as of the date of this prospectus and is not a comprehensive statement of our financial or other results for the three months ended March 31, 2021. This data has been prepared by, and is the responsibility of, our management. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has not audited, reviewed, compiled or applied agreed-upon procedures with respect to this preliminary financial information. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. We currently expect that our final results will be consistent with the estimates set forth above, but such estimates are preliminary and our final results could differ from these estimates due to the completion of our financial closing procedures, final adjustments and other developments that may arise between now and the time such unaudited interim consolidated financial statements for the three months ended March 31, 2021 are issued. For example, during the course of the preparation of the respective financial statements and related notes, additional items that would require adjustments to be made to the preliminary estimated financial information presented above may be identified. There can be no assurance that these estimates will be realized, and estimates are subject to risks and uncertainties, many of which are not within our control. See "Risk Factors," "Special Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information regarding these risks and uncertainties, including other factors that could cause our preliminary estimates to differ from the actual financial results that we will report for the three months ended March 31, 2021.

2021 Dividend

In , 2021, our board of directors declared a cash dividend of $ that is contingent upon, and payable immediately prior to, the closing of this offering to the holders of record of our common stock and our redeemable convertible preferred stock as of , 2021, or the 2021 Dividend. Investors in this offering will not be eligible to receive this dividend.

Risk Factors Summary

Investing in our common stock involves substantial risks. The risks described in the section titled "Risk Factors" immediately following this summary may cause us to not realize the full benefits of our strengths or to be unable to successfully execute all or part of our strategy. Some of the more significant risks include the following:

- We have incurred net losses each year since our inception and we may not be able to achieve or maintain profitability in the future.
- Our significant growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to effectively manage our growth or evaluate our future prospects. If we fail to effectively manage our future growth or evaluate our future prospects, our business could be adversely affected.
- Our quarterly operating results may fluctuate, which could cause our stock price to decline.
- We may not be able to compete successfully in our highly competitive market.
- If we fail to cost-effectively acquire new consumers or retain our existing consumers, our business could be adversely affected. Our sales and profit are dependent upon our ability to expand our existing consumer relationships and acquire new consumers.
- Consolidation of retail partners or the loss of a significant retail or third-party ecommerce partner could negatively impact our sales and ability to achieve or maintain profitability.
- We must expend resources to maintain consumer awareness of our brand, build brand loyalty and generate interest in our products. Our marketing strategies and channels will evolve and our efforts may or may not be successful.
- Our brand and reputation may be diminished due to real or perceived quality, safety, efficacy or environmental impact issues with our products, which could have an adverse effect on our business, financial condition, results of operations and prospects.
- Our ability to maintain our competitive position is largely dependent on the services of our senior management and other key personnel, including our founder, Chief Creative Officer and Chair of our board of directors, Jessica Alba and our Chief Executive Officer, Nick Vlahos.
- A disruption in our operations could have an adverse effect on our business.
- The COVID-19 pandemic could have an adverse effect on our business, financial condition, results of operations and prospects.
- Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, warehousing and logistics, and the loss of any of our key suppliers or logistical service providers could negatively impact our business.
- We rely on third-party suppliers, manufacturers, retail and ecommerce partners and other vendors, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.
- Health and safety incidents or advertising inaccuracies or product mislabeling may have an adverse effect on our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.
- International trade disputes and the U.S. government's trade policy could adversely affect our business.
- Our business may be adversely affected if we are unable to provide our consumers with a technology platform that is able to respond and adapt to rapid changes in technology.

Corporate Information

We were incorporated in July 2011 in California and merged with and into a Delaware corporation with the same name in May 2012, whereby the Delaware corporation continued as the surviving corporation. Our principal executive offices are located at 12130 Millennium Drive, #500, Los Angeles, CA 90094, and our telephone number is (888) 862-8818. Our website address is www.honest.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We may take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm under Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions for up to five years or until we are no longer an emerging growth company, whichever is earlier. We will cease to be an emerging growth company prior to the end of such five-year period if certain earlier events occur, including if we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, our annual gross revenues exceed $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock. In addition, the JOBS Act provides that an "emerging growth company" can delay adopting new or revised accounting standards until those standards apply to private companies. We have elected to use the extended transition period under the JOBS Act. Accordingly, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

THE OFFERING

Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Option to purchase additional shares of common stock offered by us and the selling stockholders	shares
Common stock to be outstanding after this offering	shares (shares if the option to purchase additional shares from us is exercised in full)
Use of proceeds	We estimate that our net proceeds from the sale of our common stock that we are offering will be approximately $ million (or approximately $ million if the underwriters' option to purchase additional shares of our common stock from us is exercised in full), assuming an initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders. The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock and facilitate our future access to the capital markets. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes. These purposes include operating expenses, working capital and capital expenditures for future growth, including marketing and direct-to-consumer advertising investments, innovation and adjacent product category expansion, international growth investment and organizational capabilities investments. We may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time. See the section titled "Use of Proceeds" for additional information.
Selling stockholders; concentration of ownership	The selling stockholders identified in this prospectus are selling an aggregate of shares of common stock in this offering. Following this offering, our executive officers, directors and stockholders holding more than 5% of our outstanding shares, together with their affiliates, will hold, in the aggregate, approximately % of our outstanding capital stock (or % of our outstanding capital stock following this offering if the underwriters

	exercise their option in full to purchase additional shares of common stock). See the section titled "Principal and Selling Stockholders" for additional information.
Directed share program	At our request, the underwriters have reserved up to % of the shares of common stock offered by this prospectus for sale, at the initial public offering price, to certain individuals identified by our directors and officers. The sales will be made at our direction by Morgan Stanley & Co. LLC and its affiliates through a directed share program. The number of shares of our common stock available for sale to the general public will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. See the section titled "Underwriters—Directed Share Program" for additional information.
Risk factors	You should carefully read the section titled "Risk Factors" beginning on page 16 and the other information included in this prospectus for a discussion of facts that you should consider before deciding to invest in shares of our common stock.
Proposed Nasdaq trading symbol	"HNST"

The number of shares of our common stock that will be outstanding after this offering is based on 41,595,057 shares of common stock outstanding as of December 31, 2020, and excludes:

- 9,019,021 shares of common stock issuable on the exercise of stock options outstanding as of December 31, 2020 under our Amended and Restated 2011 Stock Incentive Plan, or 2011 Plan, with a weighted-average exercise price of $10.46 per share;
- 100,000 shares of our common stock issuable upon the settlement of outstanding restricted stock units granted subsequent to December 31, 2020 through 2021;
- shares of common stock reserved for future issuance under our 2021 Equity Incentive Plan, or 2021 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, plus any future increases in the number of shares of common stock reserved for issuance thereunder and any shares underlying outstanding stock awards granted under our 2011 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans"; and
- shares of common stock reserved for issuance under our 2021 Employee Stock Purchase Plan, or ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, plus any future increases in the number of shares of common stock reserved for issuance thereunder, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans."

In addition, unless we specifically state otherwise, the information in this prospectus assumes:

- a -for- stock split of our common stock and redeemable convertible preferred stock to be effected prior to the completion of this offering;
- the filing and effectiveness of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;

- the automatic conversion of 24,550,464 outstanding shares of redeemable convertible preferred stock as of December 31, 2020 into an equivalent number of shares of common stock, which will occur immediately prior to the completion of this offering, without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock;"
- no exercise of the outstanding stock options described above; and
- no exercise of the underwriters' option to purchase up to an additional shares of common stock from us in this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2019 and 2020 and the summary consolidated balance sheet data as of December 31, 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected for any period in the future.

	Year Ended December 31,	
	2019	2020
	(in thousands, except share and per share data)	
Consolidated Statements of Operations and Comprehensive Loss Data:		
Revenue	$ 235,587	$ 300,522
Cost of revenue	159,733	192,626
Gross profit	75,854	107,896
Operating expenses		
Selling, general and administrative(1)	70,310	71,253
Marketing	31,864	44,478
Research and development(1)	5,137	5,705
Total operating expenses	107,311	121,436
Operating loss	(31,457)	(13,540)
Interest and other income (expense), net	429	(837)
Loss before provision for income taxes	(31,028)	(14,377)
Income tax provision	55	89
Net loss	$ (31,083)	$ (14,466)
Net loss per share attributable to common stockholders:		
Basic(2)	$ (1.83)	$ (0.85)
Diluted(2)	$ (1.83)	$ (0.85)
Weighted-average shares used in computing net loss per share attributable to common stockholders:		
Basic(2)	16,958,162	17,037,786
Diluted(2)	16,958,162	17,037,786
Pro forma net loss per share, basic and diluted (unaudited)(3)		$
Weighted-average shares used in computing pro forma net loss per share, basic and diluted (unaudited)		
Other comprehensive loss		
Unrealized gain (loss) on short-term investments, net of taxes	196	(28)
Comprehensive loss	$ (30,887)	$ (14,494)

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

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Selling, general and administrative	$ 8,052	$ 7,558
Research and development	328	347
Total stock-based compensation expense	$ 8,380	$ 7,905

(2) See Note 13 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted loss per share attributable to common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

(3) The unaudited pro forma net loss per share has been computed to give effect to (a) the automatic conversion of 24,550,464 outstanding shares of redeemable convertible preferred stock as of December 31, 2020 into an equivalent number of shares of common stock, without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock," (b) the cash payment of $9.5 million in bonuses that we expect to pay to certain employees, including members of management, relating to preparation for this offering that are triggered upon the closing of this offering, as well as $0.2 million in related payroll taxes and expenses, (c) the stock-based compensation expense that will be recognized upon the effectiveness of the registration statement of which this prospectus forms a part related to certain performance and market-based stock options, as described in Note 12 to our consolidated financial statements included elsewhere in this prospectus and (d) the sale of such number of shares of common stock multiplied by the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, that would be sufficient to pay the 2021 Dividend.

The following table sets forth the computation of unaudited pro forma net loss per share for the year ended December 31, 2020 (in thousands except share and per share amounts):

Numerator:	
Net loss	$ (14,466)
Stock-based compensation expense	(3,054)
Bonuses to be paid upon closing of this offering, including related payroll taxes and expenses	(9,660)
Pro forma net loss	$ (27,180)
Denominator:	
Weighted-average shares used in computing net loss per share	17,037,786
Adjustment for assumed conversion of redeemable convertible preferred stock to common stock	
Adjustment for number of shares sufficient to pay 2021 Dividend	
Weighted-average shares used in computing pro forma net loss per share, basic and diluted	
Pro forma net loss per share, basic and diluted	$

	As of December 31, 2020		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)(3)
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 29,259	$	$
Working capital(4)	119,487		
Total assets	240,732		
Total liabilities	101,153		
Redeemable convertible preferred stock	376,404		
Total stockholders' (deficit) equity	(236,825)		

(1) The pro forma consolidated balance sheet data gives effect to (a) the automatic conversion of 24,550,464 outstanding shares of redeemable convertible preferred stock as of December 31, 2020 into an equivalent number of shares of common stock, without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock," and the related reclassification of the carrying value of our redeemable convertible preferred stock to stockholders' (deficit) equity, (b) the filing and effectiveness of our amended and restated certificate of incorporation, each of which will occur immediately prior to the completion of this offering, (c) the cash payment of $9.5 million in bonuses that we expect to pay to certain employees, including members of management, relating to preparation for this offering that are triggered upon the closing of this offering, as well as $0.2 million in related payroll taxes and expenses and (d) the cash payment of the 2021 Dividend.

(2) The pro forma as adjusted consolidated balance sheet data gives effect to (a) the items described in footnote (1) above and (b) our receipt of estimated net proceeds from the sale of shares of common stock that we are offering at an assumed initial public offering

price of $ per share, the midpoint of the estimated 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.

(3) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, working capital, total assets, and total stockholders' (deficit) equity by $ 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 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, working capital, total assets and total stockholders' (deficit) equity by $ million, assuming the assumed initial public offering price of $ per share of common stock remains the same, and after deducting the estimated underwriting discounts and commissions.

(4) Working capital is defined as current assets less current liabilities.

Non-GAAP Financial Measure—Adjusted EBITDA

	Year Ended December 31,	
	2019	2020
Adjusted EBITDA(1)	$ (9,696)	$ 11,189

(1) Adjusted EBITDA is a measure that is not calculated in accordance with GAAP. See section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure" for more information, including the limitations of such measure and a reconciliation of adjusted EBITDA to net loss.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this prospectus, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in shares of our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occurs, our business, financial condition, results of operations and prospects could be adversely affected. In this case, the trading price of our common stock could decline and you might lose part or all your investment.

Risks Related to Our Business, Our Brand, Our Products and Our Industry

Our significant growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to effectively manage our growth or evaluate our future prospects. If we fail to effectively manage our future growth or evaluate our future prospects, our business could be adversely affected.

We have experienced significant growth since our launch in 2012, including strong recent growth in Household and Wellness. For example, our revenue increased from $235.6 million in 2019 to $300.5 million in 2020. The number of our full-time employees increased from 167 at December 31, 2019 to 191 at December 31, 2020. This growth has placed significant demands on our management, financial, operational, technological and other resources. The anticipated growth and expansion of our business depends on a number of factors, including our ability to:

- increase awareness of our brand and successfully compete with other companies;
- price our products effectively so that we are able to attract new consumers and expand sales to our existing consumers;
- expand distribution to new points of sales with new and existing consumers;
- continue to innovate and introduce new products;
- maintain and improve our technology platform supporting our Honest.com business;
- expand our supplier and fulfillment capacities;
- maintain quality control over our product offerings; and
- expand internationally.

Such growth and expansion of our business will place significant demands on our management and operations teams and require significant additional resources, financial and otherwise, to meet our needs, which may not be available in a cost-effective manner, or at all. We expect to continue to expend substantial resources on:

- our sales and marketing efforts to increase brand awareness, further engaging our existing and prospective consumers, and driving sales of our products;
- product innovation and development;
- technology platform maintenance to support sales of our products;
- general administration, including increased finance, legal and accounting expenses associated with being a public company; and
- expanding internationally.

These investments may not result in the growth of our business. Even if these investments do result in the growth of our business, if we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy consumer

requirements or maintain high-quality product offerings, any of which could adversely affect our business, financial condition, results of operations and prospects. You should not rely on our historical rate of revenue growth as an indication of our future performance or the rate of growth we may experience in any new category or internationally.

In addition, to support continued growth, we must effectively integrate, develop and motivate a large number of new employees while maintaining our corporate culture. For example, we recently hired a new Chief Financial Officer. We face significant competition for personnel. To attract top talent, we have had to offer, and expect to continue to offer, competitive compensation and benefits packages before we can validate the productivity of new employees. We may also need to increase our employee compensation levels to remain competitive in attracting and retaining talented employees. The risks associated with a rapidly growing workforce will be particularly acute as we choose to expand into new product categories and global markets. Additionally, we may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts and employee morale, productivity and retention could suffer, which could have an adverse effect on our business, financial condition, results of operations and prospects.

We are also required to manage numerous relationships with various vendors and other third parties. Further growth of our operations, vendor base, fulfillment centers, information technology systems or internal controls and procedures may not be adequate to support our operations. If we are unable to manage the growth of our organization effectively, our business, financial condition, results of operations and prospects may be adversely affected.

Our quarterly operating results may fluctuate, which could cause our stock price to decline.

Our quarterly operating results may fluctuate for a variety of reasons, many of which are beyond our control, including:

- fluctuations in revenue, including as a result of adverse market conditions due to the COVID-19 pandemic and the opening of retail and travel opportunities as the pandemic abates, the seasonality of market transactions and fluctuations in sales through our Retail and Digital channels;
- the amount and timing of our operating expenses;
- our success in attracting new and maintaining relationships with existing retail and ecommerce partners;
- our success in executing on our strategy and the impact of any changes in our strategy;
- the timing and success of product launches, including new products that we may introduce, such as our launch of clean conscious diapers in January 2021;
- the success of our marketing efforts;
- adverse economic and market conditions, such as those related to the current COVID-19 pandemic, currency fluctuations and other adverse global events;
- disruptions or defects in our technology platform, such as privacy or data security breaches, errors in our software or other incidents that impact the availability, reliability, or performance of our platform;
- disruptions in our supply chain, the ability of our third-party manufacturers to produce our products, ability of our distributors to distribute our products, or in our shipping arrangements;
- the impact of competitive developments and our response to those developments;
- fluctuations in inventory and working capital;
- our ability to manage our business and future growth; and
- our ability to recruit and retain employees.

Fluctuations in our quarterly operating results and the price of our common stock may be particularly pronounced in the current economic environment due to the uncertainty caused by and the unprecedented nature of the current COVID-19 pandemic, consumer spending patterns, and the impacts of the gradual reopening of the offline economy and lessening of restrictions on movement and travel as the COVID-19 pandemic abates. Fluctuations in our quarterly operating results may cause those results to fall below our financial guidance or other projections, or the expectations of analysts or investors, which could cause the price of our common stock to decline. Fluctuations in our results could also cause other problems, including, for example, analysts or investors changing their models for valuing our common stock, particularly post-pandemic. We could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish, and other unanticipated issues may arise.

We believe that our quarterly operating results may vary in the future and that period-to-period comparisons of our operating results may not be meaningful. For example, our overall historical growth rate and the impacts of the COVID-19 pandemic may have overshadowed the effect of seasonal variations on our historical operating results. Any seasonal effects may change or become more pronounced over time, which could also cause our operating results to fluctuate. You should not rely on the results of any given quarter as an indication of future performance.

We may not be able to compete successfully in our highly competitive market.

The markets in which we operate are highly competitive and rapidly evolving, with many new brands and product offerings emerging in the marketplace. We face significant competition from both established, well-known legacy CPG players and emerging direct-to-consumer brands. Numerous brands and products compete for limited shelf space in the retail channel, and for favorable positioning and promotion among ecommerce channels. We compete based on various product attributes including clean formulation, sustainability, effectiveness and design, as well as our ability to establish direct relationships with our consumers through digital channels.

Select competitors in the Diapers and Wipes market include Kimberly-Clark Corporation (maker of Huggies), Procter & Gamble Company (maker of Pampers, Pampers Pure and Luvs), Johnson & Johnson Consumer Inc. (maker of Johnson’s Baby), WaterWipes UC and private label brands. Select competitors in the Skin and Personal Care market include Johnson & Johnson Consumer Inc. (maker of Johnson’s Baby and Aveeno), The Clorox Company (parent company of Burt’s Bees, Inc.), Unilever PLC (maker of Shea Moisture), LVMH Moët Hennessy Louis Vuitton (maker of Benefit Cosmetics LLC), Estée Lauder Inc., L’Oréal S.A. and Pacifica Beauty LLC. Select competitors in the Household and Wellness market include The Clorox Company, Reckitt Benckiser Group plc (maker of Lysol) and Unilever PLC (maker of Seventh Generation products). Many of these competitors have substantially greater financial and other resources than us and some of whose products are well accepted in the marketplace today. Many also have longer operating histories, larger fulfillment infrastructures, greater technical capabilities, faster shipping times, lower-cost shipping, lower operating costs, greater financial, marketing, institutional and other resources and larger consumer bases than we do. These factors may also allow our competitors to derive greater revenue and profits from their existing consumer bases, acquire consumers at lower costs or respond more quickly than we can to new or emerging technologies and changes in product trends and consumer shopping behavior. These competitors may engage in more extensive research and development efforts, enter or expand their presence in any or all of the ecommerce or retail channels where we compete, undertake more far-reaching marketing campaigns, and adopt more aggressive pricing policies, which may allow them to build larger consumer bases or generate revenue from their existing consumer bases more effectively than we do. As a result, these competitors may be able to offer comparable or substitute products to consumers at similar or lower costs. This could put pressure on us to lower our prices, resulting in lower revenue and margins or cause us to lose market share even if we lower prices.

We cannot be certain that we will successfully compete with larger competitors that have greater financial, sales, technical and other resources. Companies with greater resources may acquire our competitors or launch new products, including clean products, and they may be able to use their resources and scale to respond to

competitive pressures and changes in consumer preferences by reducing prices or increasing promotional activities, among other things. Retailers also market competitive products under their own private labels, which are generally sold at lower prices, and may change the merchandising of our products so they have less favorable placement. Competitive pressures or other factors could cause us to lose market share, which may require us to lower prices, increase marketing expenditures, or increase the use of discounting or promotional campaigns, each of which would adversely affect our margins and could result in a decrease in our operating results and ability to achieve or maintain profitability.

We expect competition in the CPG industry to continue to increase. We believe that our ability to compete successfully in this market depends upon many factors both within and beyond our control, including:

- the size and composition of our consumer base;
- the number of products that we offer and feature across our sales channels;
- consumer demand for clean products developed with formulations and ingredients we use;
- our information technology infrastructure;
- the quality and responsiveness of our customer service;
- our selling and marketing efforts;
- the quality and price of the products that we offer;
- the convenience of the shopping experience that we provide on our website;
- our ability to distribute our products and manage our operations; and
- our reputation and brand strength.

If we fail to compete successfully in this market, our business, financial condition, results of operations and prospects could be adversely affected.

Further, competitors with substantially greater operations and resources than us may be less affected by the COVID-19 pandemic than we are. In connection with the pandemic, we have restricted employee travel, cancelled certain events with consumers or partners, imposed operational safeguards at our fulfillment and operating facilities and limited access to our headquarters (including our laboratory facilities) and experienced certain supply restrictions and delays. Although we are monitoring the situation, we cannot predict for how long, or the ultimate extent to which, the pandemic may disrupt our operations, or our suppliers' operations, or if we will be required to implement other changes, such as closures of any of our fulfillment or other operating facilities. Any significant disruption resulting from this or similar events on a large scale or over a prolonged period of time could cause significant delays and disruption to our business until we would be able to resume normal business operations or shift to other third-party vendors, negatively affecting our revenue and other financial results, which would adversely affect our business, financial condition, results of operations and prospects. A prolonged disruption of our business could also damage our reputation and brand strength.

If we fail to cost-effectively acquire new consumers or retain our existing consumers, our business could be adversely affected. Our sales and profit are dependent upon our ability to expand our existing consumer relationships and acquire new consumers.

Our success, and our ability to increase revenue and achieve profitability, depend in part on our ability to cost-effectively acquire new consumers, retain existing consumers and keep existing consumers engaged so that they continue to purchase our products. Our diaper business is also a strategic consumer acquisition tool that fuels growth for baby wipes, personal care, and other products. While we intend to continue to invest significantly in sales and marketing to educate consumers about our brand, our values and our products, there is no assurance that these efforts will generate further demand for our products or expand our consumer base. Our ability to attract new consumers and retain our existing consumers will depend on, among other items, the perceived value and quality of our products, consumer demand for clean, sustainable, thoughtfully designed and

effective products at a premium, competitive offerings, our ability to offer new and relevant products and the effectiveness of our marketing efforts. We may also lose loyal consumers to our competitors if we are unable to meet consumer demand in a timely manner. If we are unable to cost-effectively acquire new consumers, retain existing consumers and keep existing consumers engaged, our business, financial condition, results of operations and prospects could be adversely affected.

Any strategies we employ to pursue this growth are subject to numerous factors outside of our control. Our retail and ecommerce customers continue to aggressively market their private label or competitive products, which could reduce demand for our products. The expansion of our business also depends on our ability to increase sales through ecommerce channels and increase breadth and depth of distribution at retail partners. Any growth within our existing distribution channels may also affect our existing consumer relationships and present additional challenges, including those related to pricing strategies. Our direct connections to our consumers may become more limited as we expand our non-DTC channels. Additionally, we may need to increase or reallocate spending on marketing and promotional activities, such as temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities, and these expenditures are subject to risks, including risks related to consumer acceptance of our efforts. Our strategy to grow international sales may also increase our marketing spend. Our failure to obtain new consumers, or expand our business with existing consumers, could have an adverse effect on our business, financial condition, results of operations and prospects.

We also use paid and non-paid advertising. Our paid advertising may include search engine marketing, display, paid social media and product placement and traditional advertising, such as direct mail, television, radio and magazine advertising. Our non-paid advertising efforts include search engine optimization, non-paid social media and e-mail marketing. We drive a significant amount of traffic to our website via search engines and, therefore, rely heavily on search engines. Search engines frequently update and change the logic that determines the placement and display of results of a user's search, such that the purchased or algorithmic placement of links to our website can be negatively affected. Moreover, a search engine could, for competitive or other purposes, alter its search algorithms or results, causing our website to place lower in search query results.

We also drive a significant amount of traffic to our website via social networking or other ecommerce channels used by our current and prospective consumers. As social networking and ecommerce channels continue to rapidly evolve, we may be unable to develop or maintain a presence within these channels. If we are unable to cost-effectively drive traffic to our website, or if the popularity of our founder, Jessica Alba's social media, online or offline presence declines, our ability to acquire new consumers could be adversely affected. Additionally, if we fail to increase our revenue per active consumer, generate repeat purchases or maintain high levels of consumer engagement, our business, financial condition, results of operations and prospects could be adversely affected.

Failure to introduce new products may adversely affect our ability to continue to grow.

A key element of our growth strategy depends on our ability to develop and market new products that meet our standards for quality and appeal to our consumers. The success of our innovation and product development efforts is affected by our ability to anticipate changes in consumer preferences, the technical capability of our innovation staff, including chemists and toxicologists, developing and testing product formulas and prototypes, our ability to comply with applicable governmental regulations, and the success of our management and sales and marketing teams in introducing and marketing new products. Our product offerings have changed since our launch, which makes it difficult to forecast our future results of operations. There can be no assurance that we will successfully develop and market new products that appeal to consumers. For example, product formulas we develop may not contain the product attributes desired by our consumers. Any such failure may lead to a decrease in our growth, sales and ability to achieve profitability, which could adversely affect our business, financial condition, results of operations and prospects.

Additionally, the development and introduction of new products requires substantial marketing expenditures, which we may be unable to recoup if new products do not gain widespread market acceptance. If

we are unsuccessful in meeting our objectives with respect to new or improved products, our business, financial condition, results of operations and prospects could be adversely affected.

Consolidation of retail partners or the loss of a significant retail or third-party ecommerce partner could negatively impact our sales and ability to achieve or maintain profitability.

Our omnichannel strategy includes selling our products through third-party ecommerce and retail partners (including their websites), which have been undergoing consolidation in recent years. This consolidation has produced larger, more sophisticated organizations with increased negotiating and buying power that are able to resist price increases, as well as operate with lower inventories, decrease the number of brands that they carry, offer our products at competitive prices to consumers and increase their emphasis on private label products, all of which could negatively impact our business.

In 2020, we generated 45% and 55% of our total revenue from retail partners (including their websites) and Digital channels, respectively. In 2020, 33% of our revenue was generated from Honest.com. In 2020, Target, Amazon and Costco accounted for approximately 23%, 22% and 8% of our revenue, respectively. We sell products to each of Target, Amazon and Costco under each of their standard vendor agreements. Our vendor agreements with Target, Amazon and Costco do not include a term or duration as sales under each vendor agreement are generally made on a purchase order basis. Our vendor agreement with Amazon provides that either party may terminate the agreement with 60 days' prior written notice, provided that we are required to fulfill any purchase orders that we accept before the effective date of termination. Our vendor agreements with Target and Costco do not include any termination provisions. The loss of Target, Amazon, Costco or any other large partner, the reduction of purchasing levels or the cancellation of any business from Target, Amazon, Costco or any other large partner for an extended length of time could negatively impact our sales and ability to achieve or maintain profitability.

A third-party ecommerce or retail partner may take actions that affect us for reasons that we cannot always anticipate or control, such as their financial condition, changes in their business strategy or operations, the introduction of competing products or the perceived quality of our products. Despite operating in different channel segments, our third-party ecommerce and retail partners sometimes compete for the same consumers. Because of actual or perceived conflicts resulting from this competition, third-party ecommerce or retail partners may take actions that negatively affect us. Consequently, our financial results may fluctuate significantly from period to period based on the actions of one or more significant third-party ecommerce or retail partners.

We must expend resources to maintain consumer awareness of our brand, build brand loyalty and generate interest in our products. Our marketing strategies and channels will evolve and our efforts may or may not be successful.

In order to remain competitive and expand and keep market share for our products across our various channels, we may need to increase our marketing and advertising spending to maintain and increase consumer awareness, protect and grow our existing market share or promote new products, which could impact our operating results. Substantial advertising and promotional expenditures may be required to maintain or improve our brand's market position or to introduce new products to the market, and we are increasingly engaging with non-traditional media, including consumer outreach through social media and web-based channels, which may not prove successful. An increase in our marketing and advertising efforts may not maintain our current reputation or lead to increased brand awareness. Further, social media platforms frequently change the algorithms that determine the ranking and display of results of a user's search and may make other changes to the way results are displayed, or may increase the costs of such advertising, which can negatively affect the placement of our links and, therefore, reduce the number of visits to our website and social media channels or make such marketing cost-prohibitive. In addition, social media platforms typically require compliance with their policies and procedures, which may be subject to change or new interpretation with limited ability to negotiate, which could negatively impact our marketing capabilities. If we are unable to maintain and promote a favorable perception of our brand and products on a cost-effective basis, our business, financial condition, results of operations and prospects could be adversely affected.

Failure to leverage our brand value propositions to compete against private label products, especially during an economic downturn, may adversely affect our ability to achieve or maintain profitability.

In many product categories, we compete not only with other widely advertised branded products, but also with private label products that generally are sold at lower prices. Consumers are more likely to purchase our products if they believe that our products provide greater value than less expensive alternatives. If the difference in perceived value between our brand and private label products narrows, or if there is a perception of such a narrowing, consumers may choose not to buy our products at prices that are profitable for us. We believe that in periods of economic uncertainty, such as the current economic uncertainty surrounding COVID-19, consumers may purchase more lower-priced private label or other economy brands. To the extent this occurs, we could experience a reduction in the sales volume of our products or an unfavorable shift in our product mix, which could have an adverse effect on our business, financial condition, results of operations and prospects.

If we fail to develop and maintain our brand, our business could suffer.

We have developed a strong and trusted brand that has contributed significantly to the success of our business, and we believe our continued success depends on our ability to maintain and grow the value of The Honest Company brand. Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our product offerings, product safety, quality assurance, marketing and merchandising efforts, our continued focus on delivering clean, sustainable, well-designed, and effective products to our consumers and our ability to provide a consistent, high-quality consumer experience. In addition, in 2019 we entered into a license agreement with Butterblu, LLC, or Butterblu, pursuant to which we license certain of our trademarks to Butterblu for the manufacture and distribution of certain baby apparel products in exchange for royalties. Butterblu also operates and maintains the honestbabyclothing.com website. If Butterblu fails to comply with their contractual obligations, including our quality standards, our brand could be harmed.

Any negative publicity, regardless of its accuracy, could have an adverse effect on our business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of our consumers, suppliers or manufacturers, including changes to our products or packaging, adverse publicity or a governmental investigation, litigation or regulatory enforcement action, could significantly reduce the value of our brand and adversely affect our business, financial condition, results of operations and prospects.

Our brand and reputation may be diminished due to real or perceived quality, safety, efficacy or environmental impact issues with our products, which could have an adverse effect on our business, financial condition, results of operations and prospects.

We believe our consumers rely on us to provide them with clean, sustainable, well-designed, and effective products. Any loss of confidence on the part of consumers in our products or the ingredients used in our products, whether related to product contamination or product safety or quality failures, actual or perceived, environmental impacts, or inclusion of prohibited ingredients, or ingredients that are perceived to be “toxic”, could tarnish the image of our brand and could cause consumers to choose other products. Allegations of contamination or other adverse effects on product safety or efficacy or suitability for use by a particular consumer or on the environment, even if untrue, may require us to expend significant time and resources responding to such allegations and could, from time to time, result in a recall of a product from any or all of the markets in which the affected product was distributed. Any such issues or recalls could negatively affect our ability to achieve or maintain profitability and brand image.

For example, in 2015, multiple class action lawsuits were filed against us claiming that certain of our products, including our sunscreen, were ineffective and were not “natural.” In 2017, we settled these class action lawsuits by agreeing to labeling changes and a $7.4 million settlement fund. In 2016, multiple class action lawsuits were filed against us claiming that we misled buyers about ingredients in our laundry detergent, dish soap and multi-surface cleaner. In 2017, we settled these class action lawsuits by agreeing to marketing or

reformulating changes and a settlement fund of $1.6 million. We have also been the subject of litigation claiming our labels contain inaccurate or misleading information. In response, we are in the process of updating the language on certain of our labels. In addition, we voluntarily recalled certain of our baby wipes and baby powder products in 2017 and one of our bubble bath products in January 2021 due to concerns about potential contamination. These incidents negatively affected our brand image and required significant time and resources to address.

We also have no control over our products once purchased by consumers. For example, consumers may store or use our products under conditions and for periods of time inconsistent with approved directions for use or the listed "Period After Opening," or required warnings or other governmental guidelines on our labels, which may adversely affect the quality and safety of our products.

If our products are found to be, or perceived to be, defective or unsafe, or if they otherwise fail to meet our consumers' expectations, our relationships with consumers could suffer, the appeal of our brand could be diminished, we may need to recall some of our products and/or become subject to regulatory action, and we could lose sales or market share or become subject to boycotts or liability claims. In addition, safety or other defects in our competitors' products or products using the Honest name in other consumer categories, like beverages and pet food in which we do not own the Honest brand, could reduce consumer demand for our own products if consumers view them to be similar. Any such adverse effect could be exacerbated by our market positioning as a purveyor of clean, sustainable, well-designed, and effective products and may significantly reduce our brand value. Issues regarding the safety, efficacy, quality or environmental impact of any of our products, regardless of the cause, may have an adverse effect on our brand, reputation and operating results. Further, the growing use of social and digital media by us, our consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about us, our brand or our products on social or digital media could seriously damage our brand and reputation. Any loss of confidence on the part of consumers in the quality, safety, efficacy or environmental suitability of our products would be difficult and costly to overcome, even if such concerns were based on inaccurate or misleading information. If we do not maintain the favorable perception of our brand, our business, financial condition, results of operations and prospects could be adversely affected.

Economic downturns or a change in consumer preferences, perception and spending habits in the clean products categories, in particular, could limit consumer demand for our products and negatively affect our business.

We have positioned our brand to capitalize on growing consumer interest in clean conscious products. The clean conscious consumer product industry is sensitive to national and regional economic conditions and the demand for the products that we distribute may be adversely affected from time to time by economic downturns that impact consumer spending, including discretionary spending. Future economic conditions such as employment levels, business conditions, housing starts, interest rates, inflation rates, energy and fuel costs and tax rates could reduce consumer spending or change consumer purchasing habits. Among these changes could be a reduction in the number of clean conscious consumer products that consumers purchase where there are alternatives, given that many products in this category often have higher retail prices than do their conventional counterparts.

Further, the Diapers and Wipes, Skin and Personal Care and Household and Wellness markets in which we operate are subject to changes in consumer preference, perception and spending habits. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the markets in which we operate. Such factors include consumer preference, consumer confidence, consumer income, consumer perception of the safety and quality of our products and shifts in the perceived value for our products relative to alternatives. The Diapers and Wipes market is also subject to changes in birthrates, which have been declining in developed countries like the United States. In addition, media coverage regarding the safety or quality of, our products or the raw materials, ingredients or processes involved in their manufacturing may damage consumer confidence in our products. A general decline in the consumption of our products could occur at any time as a

result of change in consumer preference, perception, confidence and spending habits, including an unwillingness to pay a premium or an inability to purchase our products due to financial hardship or increased price sensitivity, which may be exacerbated by the effects of the COVID-19 pandemic. If consumer preferences shift away from clean products, our business, financial condition and results of operations could be adversely affected.

The success of our products depends on a number of factors including our ability to accurately anticipate changes in market demand and consumer preferences, our ability to differentiate the quality of our products from those of our competitors, and the effectiveness of our marketing and advertising campaigns for our products. We may not be successful in identifying trends in consumer preferences and developing products that respond to such trends in a timely manner. We also may not be able to effectively promote our products by our marketing and advertising campaigns and gain market acceptance. If our products fail to gain market acceptance, are restricted by regulatory requirements or have quality problems, we may not be able to fully recover costs and expenses incurred in our operation, and our business, financial condition, results of operations and prospects could be adversely affected.

If we cannot maintain our company culture or focus on our purpose as we grow, our success and our business and competitive position may be harmed.

We believe our culture and our mission have been key contributors to our success to date and that the critical nature of the platform that we provide promotes a sense of greater purpose and fulfillment in our employees. Any failure to preserve our culture or focus on our mission could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our corporate objectives. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important values. If we fail to maintain our company culture or focus on our mission our competitive position and business, financial condition, results of operations and prospects could be adversely affected.

Our ability to maintain our competitive position is largely dependent on the services of our senior management and other key personnel, including our founder, Chief Creative Officer and Chair of our board of directors, Jessica Alba, and our Chief Executive Officer, Nick Vlahos.

Our ability to maintain our competitive position is largely dependent on the services of our senior management and other key personnel, including our founder, Chief Creative Officer and Chair of our board of directors, Jessica Alba, and our Chief Executive Officer, Nick Vlahos. The loss of the services of either of these persons could have an adverse effect on our business, financial condition, results of operations and prospects.

Jessica Alba is a globally recognized Latina business leader, entrepreneur, advocate, actress, and New York Times bestselling author. We believe that the success of our brand depends in part on our ongoing affiliation with Jessica Alba. We have an agreement with Jessica Alba, or the Likeness Agreement, which, among other things, includes a license for her likeness and imposes various obligations on us. Ms. Alba has the right to terminate the Likeness Agreement at any time upon prior written notice, and the Likeness Agreement will immediately terminate in the event we become insolvent. Upon termination of the Likeness Agreement, we could, among other things, be required to pay damages to Ms. Alba, lose our ability to associate the brand with Ms. Alba, and sustain reputational damage. We depend on Ms. Alba's social media reach and influence to connect with consumers and provide insight on current trends. If Ms. Alba objects to a proposed use of the licensed property, we may be prevented from implementing our business plan in a timely manner, or at all, outside of previously approved usages or usages consistent with certain pre-approved product guidelines. The loss of the services of Ms. Alba, or the loss of our ability to use Ms. Alba's likeness, could have an adverse effect on our business, financial condition, results of operations and prospects.

Our brand may also depend on the positive image and public popularity of Ms. Alba to maintain and increase brand recognition. Ms. Alba's social media presence and approximately 39 million followers across all of her social media channels combined represent a large social following and potential audience for our social

media reach. Consumers may be drawn to our products because of her involvement with us. If Ms. Alba's image, reputation or popularity is materially and adversely affected, this could negatively affect the marketability and sales of our products and could have an adverse effect on our business, financial condition, results of operations and prospects.

In addition, our future success depends on our continued ability to attract, develop, motivate and retain highly qualified and skilled employees. The market for such positions is competitive. Qualified individuals are in high demand and we may incur significant costs to attract them. In addition, the loss of any of our senior management or other key employees or our inability to recruit and develop mid-level managers could adversely affect our ability to execute our business plan and we may be unable to find adequate replacements. All of our employees are at-will employees, meaning that they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. If we fail to retain talented senior management and other key personnel, or if we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business, financial condition, results of operations and prospects could be adversely affected.

Use of social media and influencers may adversely affect our reputation or subject us to fines or other penalties.

We use third-party social media platforms as, among other things, marketing tools. For example, we maintain Instagram, Facebook, Pinterest and Twitter accounts. We also maintain relationships with thousands of social media influencers and engage in sponsorship initiatives. As existing ecommerce and social media platforms continue to rapidly evolve and new platforms develop, we must continue to maintain a presence on these platforms and establish presences on new or emerging social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools or if the social media platforms we use change their policies or algorithms, we may not be able to fully optimize such platforms, and our ability to maintain and acquire consumers and our financial condition may suffer. Furthermore, as laws and regulations and public opinion rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of social media influencers, our sponsors or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices or otherwise could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have an adverse effect on our business, financial condition, results of operations and prospects.

In addition, an increase in the use of social media influencers for product promotion and marketing may cause an increase in the burden on us to monitor compliance of the content they post, and increase the risk that such content could contain problematic product or marketing claims in violation of applicable laws and regulations. For example, in some cases, the Federal Trade Commission, or the FTC, has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a financial relationship or material connection between an influencer and an advertiser. We do not control the content that our influencers post, and if we were held responsible for any false, misleading or otherwise unlawful content of their posts or their actions, we could be fined or subjected to other monetary liabilities or forced to alter our practices, which could have an adverse impact on our business.

Negative commentary regarding us, our products or influencers and other third parties who are affiliated with us may also be posted on social media platforms and may be adverse to our reputation or business. Influencers with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our consumers in a manner that reflects poorly on our brand and may be attributed to us or otherwise adversely affect us. It is not possible to prevent such behavior, and the precautions we take to detect this activity may not be effective in all cases. Our target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate, without affording us an opportunity for redress or correction.

Employee litigation and unfavorable publicity could negatively affect our future business.

Our employees have in the past, and may in the future, bring employment-related lawsuits against us, including regarding injuries, a hostile workplace, discrimination, wage and hour disputes, sexual harassment, or other employment issues. In recent years there has been an increase in the number of discrimination and harassment claims generally. Coupled with the expansion of social media platforms, employer review websites and similar devices that allow individuals access to a broad audience, these claims have had a significant negative impact on some businesses. Certain companies that have faced employment- or harassment-related claims have had to terminate management or other key personnel and have suffered reputational harm that has negatively impacted their business, including their ability to attract and hire top talent. If we were to face any employment- or harassment-related claims, our business could be negatively affected in similar or other ways.

We have a history of net losses and we may not be able to achieve or maintain profitability in the future.

We have incurred net losses each year since our inception and we may not be able to achieve or maintain profitability in the future. We incurred net losses of $14.5 million and $31.1 million in the years ended December 31, 2020 and 2019, respectively. Our expenses will likely increase in the future as we develop and launch new offerings and platform features, expand in existing and new markets, increase our sales and marketing efforts and continue to invest in our platform. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. These offerings may require significant capital investments and recurring costs, maintenance, depreciation, asset life and asset replacement costs, and if we are not able to maintain sufficient levels of utilization of such assets or such offerings are otherwise not successful, our investments may not generate sufficient returns and our financial condition may be adversely affected. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition, results of operations and prospects could be adversely affected. If we are unable to generate adequate revenue growth and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or maintain profitability.

We may be unable to accurately forecast revenue and appropriately plan our expenses in the future.

Revenue and results of operations are difficult to forecast because they generally depend on the volume, timing and type of orders we receive across our various channels, all of which are uncertain. Forecasts may be particularly challenging as we expand into new markets and geographies and develop and market new products. We base our expense levels and investment plans on our estimates of revenue and gross margin. We cannot be sure the same growth rates and trends are meaningful predictors of future growth. If our assumptions prove to be wrong, we may spend more than we anticipate acquiring and retaining consumers or may generate lower revenue per consumer than anticipated, either of which could have an adverse effect on our business, financial condition, results of operations and prospects.

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

Market opportunity estimates and growth forecasts included in this prospectus, including those we have generated ourselves or commissioned, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, particularly in light of the ongoing COVID-19 pandemic and the related economic impact. The variables that go into the calculation of our market opportunity across the Diapers and Wipes, Skin and Personal Care and Household and Wellness markets are subject to change over time, and there is no guarantee that any particular number or percentage of consumers covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in each market depends on a number of factors, including the cost and perceived value associated with our product offerings and those of our competitors. Even if the markets in which we compete meet the size estimates and

growth forecast in this prospectus, our business could fail to grow at the rate we anticipate, if at all, which could adversely affect our business, financial condition, results of operations and prospects. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this prospectus should not be taken as indicative of our future growth. For more information regarding the estimates of market opportunity and forecasts of market growth included in this prospectus, see the section titled "Market, Industry and Other Data."

Our results of operations could be harmed if we are unable to accurately forecast demand for our products.

To ensure adequate inventory supply, we must forecast inventory needs and place orders with our third-party manufacturers before firm orders are placed by our consumers or our retail and third-party ecommerce partners. If we fail to accurately forecast consumer and customer demand, we may experience excess inventory levels or a shortage of product to deliver to our consumers and customers. Factors that could affect our ability to accurately forecast demand for our products include: an unanticipated increase or decrease in demand for our products; our failure to accurately forecast acceptance for our new products; product introductions by competitors; unanticipated changes in general market conditions or other factors, which may result in cancellations of advance orders or a reduction or increase in the rate of reorders or at-once orders placed by retailers; the impact on demand due to unseasonable weather conditions; weakening of economic conditions or consumer or customer confidence in future economic conditions, which could reduce demand for discretionary items, such as our products; and terrorism or acts of war, or the threat thereof, or political or labor instability or unrest, which could adversely affect consumer or customer confidence and spending or interrupt production and distribution of product and raw materials.

Inventory levels in excess of consumer or customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices or in less preferred distribution channels, which could impair our brand image and harm our business. In addition, if we underestimate the demand for our products, our third-party manufacturers may not be able to produce products to meet our consumer or customer requirements, and this could result in delays in the shipment of our products and our ability to recognize revenue, lost sales, as well as damage to our reputation and retailer and distributor relationships.

The difficulty in forecasting demand also makes it difficult to estimate our future results of operations and financial condition from period to period. A failure to accurately predict the level of demand for our products could adversely affect our business, financial condition, results of operations and prospects.

We have a limited operating history at our current scale, which may make it difficult to evaluate our business and future prospects.

We began commercial operations in 2012 and have a limited history of generating revenue at our current scale. As a result of our relatively short operating history at our current scale, we have limited financial data that can be used to evaluate our business and future prospects. Any evaluation of our business and prospects must be considered in light of our limited operating history, which may not be indicative of future performance. Because of our limited operating history, we face increased risks, uncertainties, expenses, and difficulties, including the risks and uncertainties discussed in this section.

Certain of the data that we track is subject to inherent challenges in measurement, and any inaccuracies in such data may negatively affect our business.

We track certain data using internal data analytics tools and we rely on data received from third parties, including third-party platforms, which have certain limitations. Data from these sources may include information relating to fraudulent accounts and interactions with our sites or the social media accounts of our business or of our influencers (including as a result of the use of bots, or other automated or manual mechanisms to generate false impressions that are delivered through our sites or their accounts). We have only a limited ability to verify data from our sites or third parties, and perpetrators of fraudulent impressions may change their tactics and may become more sophisticated, which would make it still more difficult to detect such activity.

Our methodologies for tracking data may also change over time. If we undercount or overcount performance due to the internal data analytics tools we use or experience issues with the data received from third parties, or if our internal data analytics tools contain algorithmic or other technical errors, the data we track may not be accurate. In addition, limitations, changes or errors with respect to how we measure data may affect our understanding of certain details of our business, which could affect our longer-term strategies. If we are not able to obtain and track accurate data, our business, financial condition, results of operations and prospects could be adversely affected.

We rely on independent certification for a number of our products.

We rely on independent third-party certification, such as certifications of some of our products or ingredients as "organic" to differentiate them from others. We must comply with the requirements of independent organizations or certification authorities in order to label our products as certified organic, such as the United States Department of Agriculture's, or the USDA, National Organic Program, the USDA's BioPreferred Program for certified biobased products, the National Eczema Association's NEA Seal of Acceptance, and the NSF/ANSI 305 standards set by Quality Assurance International. For example, we can lose our certifications if we use unapproved raw materials or incorrectly use a certification on product labels or in marketing materials. The loss of any independent certifications could adversely affect our market position and brand reputation as a maker of clean products, and our business, financial condition, results of operations and prospects could be adversely affected.

Our results of operations may fluctuate as a result of price concessions, promotional activities, credits and other factors.

Retailers and third-party ecommerce partners may require price concessions that would negatively impact our margins and our ability to achieve or maintain profitability. If we are not able to lower our cost structure adequately in response to consumer pricing demands, and if we are not able to attract and retain a profitable consumer mix and a profitable product mix, our ability to achieve or maintain profitability could be adversely affected.

In addition, we periodically offer credits through various programs to our retail and ecommerce customers, including temporary price reductions, off-invoice discounts, retailer advertisements, product coupons, market development funds, in-store merchandising and product displays and other trade activities. We also periodically provide credits to our retail and ecommerce customers in the event that products do not conform to specifications. The cost associated with promotions and credits is estimated and recorded as a reduction in revenue. We anticipate that these price concessions and promotional activities could adversely impact our revenue and that changes in such activities could adversely impact period-over-period results. If we are not correct in predicting the performance of such promotions, or if we are not correct in estimating credits, our business, financial condition, results of operations and prospects could be adversely affected.

Our inability to secure, maintain and increase our presence in retail stores could adversely impact our revenue, and in turn our business, financial condition, results of operations and prospects could be adversely affected.

Our operations include sales to retail stores and their related websites, which in 2020, accounted for approximately 45% of our revenue. The success of our business is largely dependent on our continuing development of strong relationships with major retail chains. In 2020, approximately 70% of our retail sales resulted from relationships with Target and Costco. The loss of our relationship with Target, Costco or any other large retail partner could have a significant impact on our revenue. In addition, we may be unable to secure adequate shelf space in new markets, or any shelf space at all, until we develop relationships with the retailers that operate in such markets. Consequently, growth opportunities through our Retail channel may be limited and our revenue, business, financial condition, results of operations and prospects could be adversely affected if we are unable to successfully establish relationships with other retailers in new or current markets.

We also face severe competition to display our products on store shelves and obtain optimal presence on those shelves. Due to the intense competition for limited shelf space, retailers are in a position to negotiate favorable terms of sale, including price discounts, allowances and product return policies. To the extent we elect to increase discounts or allowances in an effort to secure shelf space, our operating results could be adversely affected. We may not be able to increase or sustain our volume of retail shelf space or offer retailers price discounts sufficient to overcome competition and, as a result, our sales and results of operations could be adversely affected. In addition, many of our competitors have significantly greater financial, manufacturing, marketing, management and other resources than we do and may have greater name recognition, a more established distribution network and a larger base of wholesale customers and distributors. Many of our competitors also have well-established relationships with our current and potential consumers who purchase Diapers and Wipes, Skin and Personal Care or Household and Wellness products at retail stores, and have extensive knowledge of our target markets. As a result, these competitors may be able to devote greater resources to the development, promotion and sale of their products and respond more quickly to evolving consumer preferences for us. If our competitors' sales surpass ours, retailers may give higher priority to our competitors' products, causing such retailers to reduce their efforts to sell our products and resulting in the loss of advantageous shelf space.

Significant product returns or refunds could harm our business.

We allow our DTC consumers to return products and we offer refunds, subject to our return and refunds policy. In addition, some of our agreements with our retail or third-party ecommerce partners provide that we are responsible for the costs of certain returns. If product returns or refunds are significant or higher than anticipated and forecasted, our business, financial condition, results of operations and prospects could be adversely affected. Further, we and our retail and third-party ecommerce partners modify policies relating to returns or refunds from time to time, and may do so in the future, which may result in consumer dissatisfaction and harm to our reputation or brand, or an increase in the number of product returns or the amount of refunds we make. From time to time our products are damaged in transit, which can increase return rates and harm our brand.

Our business may be adversely affected if we are unable to provide our consumers with a technology platform that is able to respond and adapt to rapid changes in technology.

The number of people who access the Internet through devices other than personal computers, including mobile phones, handheld computers such as notebooks and tablets and television set-top devices, has increased dramatically in recent years. The versions of our website and mobile applications developed for these devices may not be compelling to consumers. Our website and platform are also currently not compatible with voice-enabled products. Adapting our services and/or infrastructure to these devices as well as other new Internet, networking or telecommunications technologies could be time-consuming and could require us to incur substantial expenditures, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Additionally, as new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing applications for alternative devices and platforms and we may need to devote significant resources to the creation, support and maintenance of such applications. If we or our retail or ecommerce partners are unable to attract consumers to our or their websites or mobile applications through these devices or are slow to develop a version of such websites or mobile applications that are more compatible with alternative devices, we may fail to capture a significant share of consumers in the Diapers and Wipes, Skin and Personal Care or Household and Wellness product markets and could also lose consumers, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Further, we continually upgrade existing technologies and business applications and we may be required to implement new technologies or business applications in the future. The implementation of upgrades and changes requires significant investments. Our results of operations may be affected by the timing, effectiveness and costs associated with the successful implementation of any upgrades or changes to our systems and infrastructure. In

the event that it is more difficult for our consumers to buy products from us on their mobile devices, or if our consumers choose not to buy products from us on their mobile devices or to use mobile products or platforms that do not offer access to our website, we could lose consumers and fail to attract new consumers. As a result, our consumer growth could be harmed and our business, financial condition, results of operations and prospects could be adversely affected.

Severe weather, including hurricanes, earthquakes and natural disasters could disrupt normal business operations, which could result in increased costs and have an adverse effect on our business, financial condition, results of operations and prospects.

Our services and operations, including several of our fulfillment centers, customer service centers, data centers and corporate offices are located in California, Nevada, Pennsylvania and the Netherlands, and other areas that are vulnerable to damage or interruption from natural disasters, power losses, telecommunication failures, terrorist attacks, human errors, break-ins and similar events. The occurrence of a natural disaster or other unanticipated problems at our facilities could result in lengthy interruptions in our services as well as higher insurance premiums. We may not be able to efficiently relocate our fulfillment and delivery operations due to disruptions in service if one of these events occurs and our insurance coverage may be insufficient to compensate us for such losses. Because the Los Angeles area, where our corporate offices and a warehouse facility are located, is in an earthquake fault zone and because the Los Angeles area is subject to the increased risk of wildfires, we are particularly sensitive to the risk of damage to, or total destruction of, our primary offices and one of our key fulfillment and delivery centers. Although we are insured up to certain limits against any certain losses or expenses that may result from a disruption to our business due to earthquakes or wildfires, either of these events, if incurred, could adversely affect our business, financial condition, results of operations and prospects.

A disruption in our operations could have an adverse effect on our business.

As a company engaged in sales domestically and internationally, our operations, including those of our third-party manufacturers, suppliers and delivery service providers, are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes, disruptions in information systems, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters, pandemics or other public health emergencies, border disputes, acts of terrorism and other external factors over which we and our third-party manufacturers, suppliers and delivery service providers have no control. The loss of, or damage to, the manufacturing facilities or fulfillment centers of our third-party manufacturers, suppliers and delivery service providers could have an adverse effect on our business, financial condition, results of operations and prospects.

We depend heavily on ocean container delivery to receive shipments of our products from our third-party manufacturers located in China and contracted third-party delivery service providers to deliver our products to our fulfillment centers located in Las Vegas, Nevada, Fontana, California, Breinigsville, Pennsylvania and the Netherlands, and from there to our consumers and retail partners. Further, we rely on postal and parcel carriers for the delivery of products sold directly to consumers through Honest.com. Interruptions to or failures in these delivery services could prevent the timely or successful delivery of our products. These interruptions or failures may be due to unforeseen events that are beyond our control or the control of our third-party delivery service providers, such as labor unrest or natural disasters. For example, a labor strike at a port could negatively impact the delivery of our imported wipes, and the escalating trade dispute between the United States and China has and may in the future restrict the flow of the goods from China to the United States. Any failure to provide high-quality delivery services to our consumers may negatively affect the shopping experience of our consumers, damage our reputation and cause us to lose consumers.

Our ability to meet the needs of our consumers and retail partners depends on our and our distribution partners' proper operation of our fulfillment centers in Las Vegas, Nevada, Fontana, California, Breinigsville, Pennsylvania and the Netherlands, where most of our inventory that is not in transit is housed. Although we

currently insure our inventory, our insurance coverage may not be sufficient to cover the full extent of any loss or damage to our inventory or fulfillment centers, and any loss, damage or disruption of this facility, or loss or damage of the inventory stored there, could have an adverse effect on our business, financial condition, results of operations and prospects.

We may incur significant losses from fraud.

We may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a consumer did not authorize a purchase, merchant fraud and consumers who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments. Although we have measures in place to detect and reduce the occurrence of fraudulent activity in our marketplace, those measures may not always be effective. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could potentially result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action and additional expenses and our business, financial condition, results of operations and prospects could be adversely affected.

We may seek to grow our business through acquisitions of, or investments in, new or complementary businesses, facilities, technologies or products, or through strategic alliances, and the failure to manage these acquisitions, investments or alliances, or to integrate them with our existing business, could have an adverse effect on us.

From time to time we may consider opportunities to acquire or make investments in new or complementary businesses, facilities, technologies, offerings, or products, or enter into strategic alliances, that may enhance our capabilities, expand our outsourcing and supplier network, complement our current products or expand the breadth of our markets. For example, in 2019 we entered into a license agreement with Butterblu pursuant to which we license certain of our trademarks to Butterblu for the manufacture and distribution of certain baby apparel products in exchange for royalties.

Acquisitions, investments and other strategic alliances, including our license agreement with Butterblu, involve numerous risks, including:

- problems integrating the acquired business, facilities, technologies or products, including issues maintaining uniform standards, procedures, controls and policies;
- risks associated with quality control and brand reputation;
- unanticipated costs associated with acquisitions, investments or strategic alliances;
- diversion of management's attention from our existing business;
- adverse effects on existing business relationships with suppliers, outsourced private brand manufacturing partners and retail and ecommerce partners;
- risks associated with any dispute that may arise with respect to such strategic alliance;
- risks associated with entering new markets in which we may have limited or no experience;
- potential loss of key employees of acquired businesses; and
- increased legal and accounting compliance costs.

Our ability to successfully grow through strategic transactions depends upon our ability to identify, negotiate, complete and integrate suitable target businesses, facilities, technologies and products and to obtain any necessary financing. These efforts could be expensive and time-consuming and may disrupt our ongoing business and prevent management from focusing on our operations. If we are unable to identify suitable acquisitions or strategic relationships, or if we are unable to integrate any acquired businesses, facilities, technologies and products effectively, our business, financial condition, results of operations and prospects could

be adversely affected. Also, while we employ several different methodologies to assess potential business opportunities, the new businesses may not meet or exceed our expectations.

The COVID-19 pandemic could have an adverse effect on our business, financial condition, results of operations and prospects.

In connection with the COVID-19 pandemic, governments have implemented significant measures, including closures, quarantines, travel restrictions and other social distancing directives, intended to control the spread of the virus. Companies have also taken precautions, such as requiring employees to work remotely, imposing travel restrictions and temporarily closing businesses. To the extent that these restrictions remain in place, additional prevention and mitigation measures are implemented in the future, or there is uncertainty about the effectiveness of these or any other measures to contain or treat COVID-19, there has been and continues to be an adverse impact on global economic conditions and consumer confidence and spending, which could adversely affect our supply chain as well as the demand for our products. While at this time we are working to manage potential disruptions to our supply chain, and we have not experienced decreases in demand or material financial impacts as compared to prior periods, the fluid nature of the COVID-19 pandemic and uncertainties regarding the related economic impact are likely to result in sustained market turmoil, which could also have an adverse effect on our business, financial condition, results of operations and prospects.

The impact of the COVID-19 pandemic on any of our suppliers, manufacturers, retail or ecommerce partners or transportation or logistics providers may negatively affect the price and availability of our materials and impact our supply chain. If the disruptions caused by the COVID-19 pandemic continue for an extended period of time, our ability to meet the demands of our consumers may be materially impacted. For example, government restrictions may limit the personnel available to receive or ship products at our distribution centers. In addition, the conditions caused by the COVID-19 pandemic may negatively impact collections of accounts receivable and cause some of our retail partners to go out of business, all of which could adversely affect our business, financial condition, results of operations and prospects.

Further, the COVID-19 pandemic may impact customer and consumer demand. Retail stores may be impacted if governments continue to implement regional business closures, quarantines, travel restrictions and other social distancing directives to slow the spread of the virus. Further, to the extent our third-party ecommerce or retail customers' operations are negatively impacted, our consumers may reduce demand for or spending on our products, or consumers or ecommerce or retail partners may delay payments to us or request payment or other concessions. There may also be significant reductions or volatility in consumer demand for our products due to travel restrictions or social distancing directives, as well as the temporary inability of consumers to purchase our products due to illness, quarantine or financial hardship, shifts in demand away from one or more of our products, decreased consumer confidence and spending or pantry-loading activity, any of which may negatively impact our results, including as a result of an increased difficulty in planning for operations. Additionally, we may be unable to effectively modify our trade promotion and advertising activities to reflect changing consumer viewing and shopping habits due to event cancellations, reduced in-store visits and travel restrictions, among other things.

The extent of the COVID-19 pandemic's effect on our operational and financial performance will depend on future developments, including the duration and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of the COVID-19 pandemic on our business. However, if the pandemic continues to persist as a severe worldwide health crisis, the disease could have an adverse effect on our business, financial condition, results of operations and prospects, and may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Our ability to raise capital in the future may be limited and our failure to raise capital when needed could prevent us from growing.

In the future, we could be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed

could harm our business. We may sell common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors in our common stock may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our common stock. Debt financing, if available, may involve restrictive covenants and could reduce our operational flexibility or ability to achieve or maintain profitability. If we cannot raise funds on acceptable terms, we may be forced to raise funds on undesirable terms, or our business may contract or we may be unable to grow our business or respond to competitive pressures, any of which could have an adverse effect on our business, financial condition, results of operations and prospects.

The agreements governing our indebtedness will require us to meet certain operating and financial covenants and place restrictions on our operating and financial flexibility. If we raise capital through additional debt financing, the terms of any new debt could further restrict our ability to operate our business.

Prior to the completion of this offering, we intend to enter into a first lien credit agreement, or 2021 Credit Facility, with JPMorgan Chase Bank, N.A., as administrative agent and lender, and the other lenders party thereto, which will provide for a $35.0 million revolving credit facility maturing five years from the date of the 2021 Credit Facility. Debt under the 2021 Credit Facility will be guaranteed by our material domestic subsidiaries and will be secured by our and such subsidiaries' assets and property.

The 2021 Credit Facility will contain affirmative and negative covenants, indemnification provisions and events of default. The affirmative covenants include, among others, administrative, reporting and legal covenants, in each case subject to certain exceptions. The negative covenants include, among others, limitations on our and certain of our subsidiaries' abilities to, in each case subject to certain exceptions:

- make restricted payments including dividends and distributions on, redemptions of, repurchases or retirement of our capital stock;
- make certain intercompany distributions;
- incur additional indebtedness and issue certain types of equity;
- sell assets, including capital stock of subsidiaries;
- enter into certain transactions with affiliates;
- incur liens;
- enter into fundamental changes including mergers and consolidations;
- make investments, acquisitions, loans or advances;
- create negative pledges or restrictions on the payment of dividends or payment of other amounts owed from subsidiaries;
- make prepayments or modify documents governing material debt that is subordinated with respect to right of payment;
- engage in certain sale leaseback transactions;
- change our fiscal year; and
- change our lines of business.

The 2021 Credit Facility will also contain a financial covenant that requires us to maintain a total net leverage ratio of 3.50:1.00 during the periods set forth in the 2021 Credit Facility. As a result of the restrictions described above, we will be limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to take advantage of new business opportunities. The terms of any future indebtedness

we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders or amend the covenants.

Our ability to comply with the covenants and restrictions contained in the 2021 Credit Facility may be affected by economic, financial and industry conditions beyond our control. The restrictions in the 2021 Credit Facility may prevent us from taking actions that we believe would be in the best interests of our business and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. Even if the 2021 Credit Facility is terminated, any additional debt that we incur in the future could subject us to similar or additional covenants.

The 2021 Credit Facility will include customary events of default, including failure to pay principal, interest or certain other amounts when due; material inaccuracy of representations and warranties; violation of covenants; specified cross-default and cross-acceleration to other material indebtedness; certain bankruptcy and insolvency events; certain events relating to the Employee Retirement Income Security Act of 1974; certain undischarged judgments; material invalidity of guarantees or grant of security interest; and change of control, in certain cases subject to certain thresholds and grace periods.

Our failure to comply with the restrictive covenants described above as well as other terms of our indebtedness could result in an event of default, which, if not cured or waived, could result in the lenders declaring all obligations, together with accrued and unpaid interest, immediately due and payable and take control of the collateral, potentially requiring us to renegotiate the 2021 Credit Facility on terms less favorable to us. If we are forced to refinance these borrowings on less favorable terms or are unable to refinance these borrowings, our business, results of operations, financial condition and future prospects could be adversely affected. In addition, such a default or acceleration may result in the acceleration of any future indebtedness to which a cross-acceleration or cross-default provision applies. If we are unable to repay our indebtedness, lenders having secured obligations, such as the lenders under the 2021 Credit Facility, could proceed against the collateral securing the indebtedness. In any such case, we may be unable to borrow under our credit facilities and may not be able to repay the amounts due under our credit facilities. This could have an adverse effect on our business, financial condition, results of operations and prospects and could cause us to become bankrupt or insolvent.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our consumers would have to pay for our offering and adversely affect our operating results.

On June 21, 2018, the U.S. Supreme Court held in South Dakota v. Wayfair, Inc. that states could impose sales tax collection obligations on out-of-state retailers even if those retailers lack any physical presence within the states imposing sales taxes. Under Wayfair, a person requires only a “substantial nexus” with the taxing state before the state may subject the person to sales tax collection obligations therein. An increasing number of states, both before and after the Supreme Court’s ruling, have considered or adopted laws that attempt to impose sales tax collection obligations on out-of-state retailers. The Supreme Court’s Wayfair decision has removed a significant impediment to the enactment of these laws, and it is possible that states may seek to tax out-of-state retailers, including for prior tax years. Although we believe that we currently collect sales taxes in all states that have adopted laws imposing sales tax collection obligations on out-of-state retailers since Wayfair was decided, a successful assertion by one or more jurisdictions requiring us to collect sales taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some sales taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments of sales tax collection obligations on out-of-state retailers in jurisdictions where we do not currently collect sales taxes, whether for prior years or prospectively, could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our competitors and decrease our future sales, which could have an adverse effect on our business, financial condition, results of operations and prospects.

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

We have incurred substantial losses since inception. As of December 31, 2020, we had federal and state net operating loss carryforwards of $243.0 million and $220.0 million, respectively. The federal loss carryforwards, except the federal loss carryforwards arising in tax years beginning after December 31, 2017, begin to expire in 2032 unless previously utilized. Federal net operating losses, or NOLs, arising in tax years beginning after December 31, 2017 have an indefinite carryforward period and do not expire, but the deduction for these carryforwards is limited to 80% of current-year taxable income for taxable years beginning after 2020. In general, under Sections 382 and 383 of the U.S. Internal Revenue Code of 1986, as amended, a corporation that undergoes an "ownership change" (generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a rolling three-year period) is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. We may have experienced ownership changes in the past, may experience ownership changes in the future, and are currently evaluating with our independent tax advisors whether and to what extent our NOLs may be currently limited. In addition, for state income tax purposes, there may be periods during which the use of NOLs or tax credits is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. For example, California recently imposed limits on the usability of California NOLs and certain tax credits to offset California taxable income or California tax liabilities in tax years beginning after 2019 and before 2023. As a result, if, and to the extent that we earn net taxable income, our ability to use our pre-change NOLs to offset such taxable income or our tax credits to reduce our tax liabilities may be subject to limitations.

Risks Related to Our Dependence on Third Parties

Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, warehousing, distribution and logistics, and the loss of any of our key suppliers or logistical service providers could negatively impact our business.

All of the products we offer are manufactured by a limited number of third-party manufacturers, and as a result we may be subject to price fluctuations or demand disruptions. Our operating results would be negatively impacted by increases in the costs of our products, and we have no guarantees that costs will not rise. In addition, as we expand into new categories and product types, we expect that we may not have strong purchasing power in these new areas, which could lead to higher costs than we have historically seen in our current categories. We may not be able to pass increased costs on to consumers, which could adversely affect our operating results. Moreover, in the event of a significant disruption in the supply of the materials used in the manufacture of the products we offer, we and the vendors that we work with might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price.

In addition, products and merchandise we receive from manufacturers and suppliers may not be of sufficient quality or free from damage, or such products may be damaged during shipping, while stored in our warehouse fulfillment centers or with third-party ecommerce or retail customers or when returned by consumers. We may incur additional expenses and our reputation could be harmed if consumers and potential consumers believe that our products do not meet their expectations, are not properly labeled or are damaged.

We purchase significant amounts of product supply from a limited number of suppliers with limited supply capabilities. There can be no assurance that our current suppliers will be able to accommodate our anticipated growth or continue to supply current quantities at preferential prices. An inability of our existing suppliers to provide materials in a timely or cost-effective manner could impair our growth and have an adverse effect on our business, financial condition, results of operations and prospects. We generally do not maintain long-term supply contracts with any of our suppliers and any of our suppliers could discontinue selling to us at any time. However, we have a long-term supply agreement with Valor Brands LLC (dba Ontex North America), or Ontex, for the manufacture and supply of certain diaper products. The current term of the supply agreement with Ontex ends on December 31, 2023. In addition, our agreement with Ontex provides that Ontex will be our exclusive supplier of diaper and training pant products so long as Ontex is able to provide us such products. Either party may terminate

the agreement if the other party materially breaches the agreement and does not cure the breach within a specified notice period, or upon the other party's insolvency. If the agreement with Ontex is terminated, is not renewed, or if Ontex becomes insolvent, ceases or significantly reduces its operations or experiences financial distress, as a result of the COVID-19 pandemic or otherwise, or if any environmental, economic or other outside factors impact their operations, our ability to procure diaper manufacturing services may be impaired, and we may not be able to obtain, or may face increased costs related to, such services. The loss of Ontex, or of any of our other significant suppliers, or the discontinuance of any preferential pricing or exclusive incentives they currently offer to us could have an adverse effect on our business, financial condition, results of operations and prospects.

We continually seek to expand our base of suppliers, especially as we identify new products that necessitate new or additional materials. We also require our new and existing suppliers to meet our ethical and business partner standards. Suppliers may also have to meet governmental and industry standards and any relevant standards required by our consumers, which may require additional investment and time on behalf of suppliers and us. If any of our key suppliers becomes insolvent, ceases or significantly reduces its operations or experiences financial distress, as a result of the COVID-19 pandemic or otherwise, or if any environmental, economic or other outside factors impact their operations. If we are unable to identify or enter into distribution relationships with new suppliers or to replace the loss of any of our existing suppliers, we may experience a competitive disadvantage, our business may be disrupted and our business, financial condition, results of operations and prospects could be adversely affected.

Our principal suppliers currently provide us with certain incentives such as volume purchasing, trade discounts, cooperative advertising and market development funds. A reduction or discontinuance of these incentives would increase our costs and could reduce our ability to achieve or maintain profitability. Similarly, if one or more of our suppliers were to offer these incentives, including preferential pricing, to our competitors, our competitive advantage would be reduced, which could have an adverse effect on our business, financial condition, results of operations and prospects.

In addition, we have warehouse fulfillment centers located in Las Vegas, Nevada, Fontana, California, Breinigsville, Pennsylvania and the Netherlands, all of which are managed by a single distribution partner, GEODIS Logistics LLC, or GEODIS. We have an agreement with GEODIS pursuant to which GEODIS provides warehousing, distribution and fulfillment services to us. Our agreement with GEODIS may be terminated for any reason by us or by GEODIS on delivery of prior written notice, and is renewable on an annual basis. If the agreement with GEODIS is terminated, is not renewed, or if GEODIS becomes insolvent, ceases or significantly reduces its operations or experiences financial distress, as a result of the COVID-19 pandemic or otherwise, or if any environmental, economic or other outside factors impact their operations, our ability to procure warehousing, distribution and fulfillment services may be impaired, and we may not be able to obtain, or may face increased costs related to, such services and our business, financial condition, results of operations and prospects could be adversely affected.

If our third-party suppliers and manufacturers do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, financial condition, results of operations and prospects could be harmed.

Our reputation and our consumers' willingness to purchase our products depend in part on our suppliers', manufacturers', and retail partners' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. We do not exercise control over our suppliers, manufacturers, and retail partners and cannot guarantee their compliance with ethical and lawful business practices. If our suppliers, manufacturers, or retail partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image

could be harmed, and we could be exposed to litigation, investigations, enforcement actions, monetary liability, and additional costs that would harm our reputation, business, financial condition, results of operations and prospects.

If we or our distribution partners do not successfully optimize, operate and manage the expansion of the capacity of our warehouse fulfillment centers, our business, financial condition, results of operations and prospects could be adversely affected.

We have warehouse fulfillment centers located in Las Vegas, Nevada, Fontana, California, Breinigsville, Pennsylvania, and the Netherlands, all of which are managed by a single distribution partner, GEODIS. If we or any distribution partners do not optimize and operate our warehouse fulfillment centers successfully and efficiently, it could result in excess or insufficient fulfillment capacity, an increase in costs or impairment charges or harm our business in other ways. In addition, if we or any distribution partners do not have sufficient fulfillment capacity or experience a problem fulfilling orders in a timely manner, our consumers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our consumers. As a result of the COVID-19 pandemic, including an increase in orders, we and our distribution partner may experience disruptions to the operations of our fulfillment centers, which may negatively impact our and our distribution partner's ability to fulfill orders in a timely manner, which could harm our reputation, relationships with consumers and business, financial condition, results of operations and prospects.

We have designed and established our own fulfillment center infrastructure, including customizing inventory and package handling software systems, which is tailored to meet the specific needs of our business. If we continue to add fulfillment and warehouse capabilities, add new businesses or categories with different fulfillment requirements or change the mix in products that we sell, our fulfillment network will become increasingly complex and operating it will become more challenging. Failure to successfully address such challenges in a cost-effective and timely manner could impair our ability to timely deliver purchases to our DTC consumers and merchandise inventory to our retail and ecommerce partners and could have an adverse effect on our reputation and ultimately, our business, financial condition, results of operations and prospects.

Although we currently rely on our distribution partner, we also anticipate the need to add an additional warehouse fulfillment center and/or other distribution capacity as our business continues to grow. We cannot assure you that we will be able to locate suitable facilities on commercially acceptable terms in accordance with our expansion plans, nor can we assure you that we will be able to recruit qualified managerial and operational personnel to support our expansion plans. If we are unable to secure new facilities for the expansion of our fulfillment operations, recruit qualified personnel to support any such facilities, or effectively control expansion-related expenses, our business, financial condition, results of operations and prospects could be adversely affected. If we grow faster than we anticipate, we may exceed our fulfillment center capacity sooner than we anticipate, we may experience problems fulfilling orders in a timely manner or our consumers may experience delays in receiving their purchases, which could harm our reputation and our relationships with our consumers, and we would need to increase our capital expenditures more than anticipated and in a shorter time frame than we currently anticipate. Our ability to expand our fulfillment center capacity, including our ability to secure suitable facilities and recruit qualified employees, may be substantially affected by the spread of COVID-19 and related governmental orders and there may be delays or increased costs associated with such expansion as a result of the spread and impact of the COVID-19 pandemic. Many of the expenses and investments with respect to our fulfillment centers are fixed, and any expansion of such fulfillment centers will require additional investment of capital. We expect to incur higher capital expenditures in the future for our fulfillment center operations as our business continues to grow. We would incur such expenses and make such investments in advance of expected sales, and such expected sales may not occur. Any of these factors could have an adverse effect on our business, financial condition, results of operations and prospects.

Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.

We primarily rely on one major vendor for our DTC shipping requirements. If we are not able to negotiate acceptable pricing and other terms with this vendor or it experiences performance problems or other difficulties, it could negatively impact our operating results and our consumer experience. Shipping vendors may also impose shipping surcharges from time to time. In addition, our ability to receive inbound inventory efficiently and ship products to consumers and retailers may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war or terrorism, trade embargoes, customs and tax requirements and similar factors. For example, strikes at major international shipping ports have in the past impacted our supply of inventory from our third-party manufacturers, and the escalating trade dispute between the United States and China has and may in the future lead to increased tariffs, the revocation of current tariff exclusions for certain of our products, which may restrict the flow of the goods from China to the United States. We are also subject to risks of damage or loss during delivery by our shipping vendors. If our products are not delivered in a timely fashion or are damaged or lost during the delivery process, our consumers could become dissatisfied and cease shopping on our site or retailer or third-party ecommerce sites, which could have an adverse effect on our business, financial condition, operating results and prospects.

We are subject to risks related to online payment methods, including third-party payment processing-related risks.

We currently accept payments using a variety of methods, including credit card, debit card, PayPal and gift cards. As we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements, fraud and other risks. We also rely on third parties to provide payment processing services, and for certain payment methods, we pay interchange and other fees, which may increase over time and raise our operating costs and affect ability to achieve or maintain profitability. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard, or PCI-DSS, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we (or a third-party processing payment card transactions on our behalf) suffer a security breach affecting payment card information, we may have to pay onerous and significant fines, penalties and assessments arising out of the major card brands' rules and regulations, contractual indemnifications or liability contained in merchant agreements and similar contracts, and we may lose our ability to accept payment cards for payment for our goods and services, which could materially impact our operations and financial performance.

Furthermore, as our business changes, we may be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. As we offer new payment options to consumers, including by way of integrating emerging mobile and other payment methods, we may be subject to additional regulations, compliance requirements and fraud. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card payments from consumers or facilitate other types of online payments.

We also occasionally receive orders placed with fraudulent data and we may ultimately be held liable for the unauthorized use of a cardholder's card number in an illegal activity and be required by card issuers to pay charge-back fees. Charge-backs result not only in our loss of fees earned with respect to the payment, but also leave us liable for the underlying money transfer amount. If our charge-back rate becomes excessive, card associations also may require us to pay fines or refuse to process our transactions. In addition, we may be subject to additional fraud risk if third-party service providers or our employees fraudulently use consumer information for their own gain or facilitate the fraudulent use of such information. Overall, we may have little recourse if we process a criminally fraudulent transaction.

If any of these events were to occur, our business, financial condition, results of operations and prospects could be adversely affected.

We rely on third-party suppliers, manufacturers, retail and ecommerce partners and other vendors, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.

We do not own or operate any manufacturing facilities. We use multiple third-party suppliers and manufacturers based primarily in the United States, China and Mexico and other countries to a lesser extent, to source and manufacture all of our products, including product components, under our owned brand. We engage many of our third-party suppliers and manufacturers on a purchase order basis and in some cases are not party to long-term contracts with them. The ability and willingness of these third parties to supply and manufacture our products may be affected by competing orders placed by other companies and the demands of those companies. If we experience significant increases in demand, or need to replace a significant number of existing suppliers or manufacturers, there can be no assurance that additional supply and manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer will allocate sufficient capacity to us in order to meet our requirements. Furthermore, our reliance on suppliers and manufacturers outside of the United States, the number of third parties with whom we transact and the number of jurisdictions to which we sell complicates our efforts to comply with customs duties and excise taxes; any failure to comply could adversely affect our business.

In addition, quality control problems, such as the use of materials and delivery of products that do not meet our quality control standards and specifications or comply with applicable laws or regulations, could harm our business. Quality control problems could result in regulatory action, such as restrictions on importation, products of inferior quality or product stock outages or shortages, harming our sales and creating inventory write-downs for unusable products.

We have also outsourced portions of our fulfillment process, as well as certain technology-related functions, to third-party service providers. Specifically, we rely on third parties in a number of foreign countries and territories, we are dependent on third-party vendors for credit card processing, and we use third-party hosting and networking providers to host our sites. The failure of one or more of these entities to provide the expected services on a timely basis, or at all, or at the prices we expect, or the costs and disruption incurred in changing these outsourced functions to being performed under our management and direct control or that of a third party, could have an adverse effect on our business, financial condition, results of operations and prospects. We are not party to long-term contracts with some of our retail and ecommerce partners, and upon expiration of these existing agreements, we may not be able to renegotiate the terms on a commercially reasonable basis, or at all.

Further, our third-party manufacturers, suppliers and retail and ecommerce partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions, requests, policies or objectives;
- be unable or unwilling to fulfill their obligations under relevant purchase orders, including obligations to meet our production deadlines, quality standards, pricing guidelines and product specifications, and to comply with applicable regulations, including those regarding the safety and quality of products;
- have financial difficulties;
- encounter raw material or labor shortages;
- encounter increases in raw material or labor costs which may affect our procurement costs;
- encounter difficulties with proper payment of custom duties or excise taxes;

- disclose our confidential information or intellectual property to competitors or third parties;
- engage in activities or employ practices that may harm our reputation; and
- work with, be acquired by, or come under control of, our competitors.

Risks Related to Legal and Governmental Regulation

Health and safety incidents or advertising inaccuracies or product mislabeling may have an adverse effect on our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.

Selling Diapers and Wipes, Skin and Personal Care and Household and Wellness products and baby clothing and nursery bedding products involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding product safety. Illness, injury or death related to allergens, illnesses, foreign material contamination or other product safety incidents caused by our products, or involving our suppliers, could result in the disruption or discontinuance of sales of these products or our relationships with such suppliers, or otherwise result in increased operating costs, regulatory enforcement actions or harm to our reputation. For example, in 2015 multiple class action lawsuits were filed against us claiming that certain of our products, including our sunscreen, were ineffective and were not “natural,” which also resulted in an investigation by the Food and Drug Administration, or the FDA. In 2016 multiple class action lawsuits were filed against us claiming that we misled buyers about ingredients in our laundry detergent, dish soap and multi-surface cleaner. In addition, we voluntarily recalled certain of our baby wipes and baby powder products in 2017. We also voluntarily recalled one of our bubble bath products in January 2021 due to concerns about potential contamination. These incidents negatively affected our brand image and required significant time and resources to address.

Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is more than our policy limits or not covered by our policies or not subject to insurance would have to be paid from our cash reserves, which would reduce our capital resources.

The occurrence of adverse reactions, ineffectiveness or other safety incidents could also adversely affect the price and availability of affected materials, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any instances of contamination, defects, or regulatory noncompliance, whether or not caused by our actions, could compel us, our suppliers, our retail or ecommerce customers, or our consumers, depending on the circumstances, to conduct a recall in accordance with FDA, the Consumer Product Safety Commission, or CPSC, the USDA, the U.S. Environmental Protection Agency, or EPA, or other federal regulations and policies, and comparable state laws, regulations and policies. Product recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time and potential loss of existing retail or ecommerce partners or consumers and a potential negative impact on our ability to attract new consumers due to negative consumer experiences or because of an adverse impact on our brand and reputation. The costs of a recall could be outside the scope of our existing or future insurance policy coverage or limits.

In addition, companies that sell Diapers and Wipes, Skin and Personal Care, Household and Wellness and other products have been subject to targeted, large-scale tampering as well as to opportunistic, individual product tampering, and we, like any such company, could be a target for product tampering. Forms of tampering could include the introduction of foreign material, chemical contaminants and pathological organisms into products, as well as product substitution. Governmental regulations require companies like us to analyze, prepare and implement mitigation strategies specifically to address tampering designed to inflict widespread public health

harm. If we do not adequately address the possibility, or any actual instance, of product tampering, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Further, many products that we sell carry or are advertised with claims as to their origin, ingredients or health, wellness, environmental or other benefits, including, by way of example, the use of the term “natural”, “organic”, “clean conscious”, or “sustainable”, or similar synonyms or implied statements relating to such benefits. Although the FDA and the USDA each has issued statements regarding the appropriate use of the word “natural,” there is no single, U.S. government regulated definition of the term “natural” for use in the personal care industry, which is true for many other adjectives common in the clean conscious product industry. The resulting uncertainty has led to consumer confusion, distrust and legal challenges. Plaintiffs have commenced legal actions against several companies that market “natural” products or ingredients, asserting false, misleading and deceptive advertising and labeling claims, including claims related to genetically modified ingredients and the use of synthetic ingredients, including synthetic forms of otherwise natural ingredients. In limited circumstances, the FDA has taken regulatory action against products labeled “natural” but that nonetheless contain synthetic ingredients or components. Should we become subject to similar claims, consumers may avoid purchasing products from us or seek alternatives, even if the basis for the claim is unfounded.

Adverse publicity about these matters may discourage consumers from buying our products. The cost of defending against any such claims could be significant. Any loss of confidence on the part of consumers in the truthfulness of our labeling, advertising or ingredient claims would be difficult and costly to overcome and may significantly reduce our brand value. Any of these events could adversely affect our reputation and brand and decrease our sales, which could have an adverse effect on our business, financial condition, results of operations and prospects.

The USDA enforces federal standards for organic production and use of the term “organic” on product labeling. These laws prohibit a company from selling or labeling products as organic unless they are produced and handled in accordance with the applicable federal law. Failure to comply with these requirements may subject us to liability or regulatory enforcement. Consumers may also pursue state law claims challenging use of the organic label as being intentionally mislabeled or misleading or deceptive to consumers.

In addition, certain of the cleaning products, including the disinfectant products, we sell require approval from and registration with the EPA prior to sale. Products that expressly or impliedly claim to control microorganisms that pose a threat to human health may be subject by additional regulatory scrutiny and need to be supported by additional efficacy data. Should we advertise or market these EPA regulated products with claims that are not permitted by the terms of their registration or are otherwise false or misleading, the EPA may be authorized to take enforcement action to prevent the sale or distribution of disinfectant products. False or misleading marketing claims concerning a product’s EPA registration or its efficacy may also create the risk for challenges under state law at the consumer level.

We are subject to extensive governmental regulation and we may incur material liabilities under, or costs in order to comply with, existing or future laws and regulation, and our failure to comply may result in enforcements, recalls, and other adverse actions.

We are subject to a broad range of federal, state, local, and foreign laws and regulations intended to protect public and worker health and safety, natural resources, the environment and consumers. Our operations are subject to regulation by the Occupational Safety and Health Administration, or OSHA, the FDA, the CPSC, the USDA, the FTC, EPA, and by various other federal, state, local and foreign authorities regarding the manufacture, processing, packaging, storage, sale, order fulfillment, advertising, labeling, import and export of our products. Certain of the cleaning products, including the disinfectant products, we sell may require EPA registration and approval prior to sale.

In addition, we and our manufacturing partners are subject to additional regulatory requirements, including environmental, health and safety laws and regulations administered by the EPA, state, local and foreign environmental, health and safety legislative and regulatory authorities and the National Labor Relations Board, covering such areas as discharges and emissions to air and water, the use, management, disposal and remediation of, and human exposure to, hazardous materials and wastes, and public and worker health and safety. Violations of or liability under any of these laws and regulations may result in administrative, civil or criminal fines, penalties or sanctions against us, revocation or modification of applicable permits, licenses or authorizations, environmental, health and safety investigations or remedial activities, voluntary or involuntary product recalls, warning or untitled letters or cease and desist orders against operations that are not in compliance, among other things. Such laws and regulations generally have become more stringent over time and may become more so in the future, and we may incur (directly, or indirectly through our manufacturing partners) material costs to comply with current or future laws and regulations or in any required product recalls. Liabilities under, and/or costs of compliance, and the impacts on us of any non-compliance, with any such laws and regulations could have an adverse effect on our business, financial condition, results of operations and prospects. In addition, changes in the laws and regulations to which we are subject, or in the prevailing interpretations of such laws and regulations by courts and enforcement authorities, could impose significant limitations and require changes to our business, which may increase our compliance expenses, make our business more costly and less efficient to conduct, and compromise our growth strategy, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our products are also subject to state laws and regulations, such as California's Proposition 65, or Prop 65, which requires a specific warning on any product that contains a substance listed by the State of California as having been found to cause cancer or birth defects, unless the level of such substance in the product is below a safe harbor level. We have in the past been subject to lawsuits brought under Prop 65, and if we fail to comply with Prop 65 in the future, it may result in lawsuits and regulatory enforcement that could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects. Further, the inclusion of warnings on our products to comply with Prop 65 could also reduce overall consumption of our products or leave consumers with the perception (whether or not valid) that our products do not meet their health and wellness needs, all of which could adversely affect our reputation, business, financial condition, results of operations and prospects.

These developments, depending on the outcome, could have an adverse effect on our reputation, business, financial condition, results of operations and prospects.

Changes in existing laws or regulations or related official guidance, or the adoption of new laws or regulations or guidance, may increase our costs and otherwise adversely affect our business, financial condition, results of operations and prospects.

The manufacture and marketing of Diapers and Wipes, Skin and Personal Care and Household and Wellness products is highly regulated. We, our suppliers and manufacturers are subject to a variety of laws and regulations. These laws and regulations apply to many aspects of our business, including the manufacture, packaging, labeling, import, distribution and order fulfillment, advertising, sale, quality and safety of our products, as well as the health and safety of our employees and the protection of the environment.

In the United States, we are subject to regulation by various government agencies, including OHSA, the FDA, the USDA, the FTC, the CPSC, and the EPA, the California Air Resources Board, or CARB, as well as various other federal, state and local agencies. We are also regulated outside the United States by various international regulatory bodies. In addition, we are subject to certain standards, such as the Global Food Safety Initiative, standards and review by voluntary organizations, such as the Council of Better Business Bureaus' National Advertising Division. We could incur costs, including fines, penalties and third-party claims, because of any violations of, or liabilities under, such requirements, including any competitor or consumer challenges relating to compliance with such requirements. For example, in connection with the marketing and advertisement

of our products, we could be the target of claims relating to false or deceptive advertising, including under the auspices of the FTC and the consumer protection statutes of some states.

The regulatory environment in which we operate has changed in the past could change significantly and adversely in the future. For example, in December 2009, the FTC substantially revised its Guides Concerning the Use of Endorsements and Testimonials in Advertising, or "Endorsement Guides," to eliminate a safe harbor principle that formerly recognized that advertisers could publish consumer testimonials that conveyed truthful but extraordinary results from using the advertiser's product as long as the advertiser clearly and conspicuously disclosed that the endorser's results were not typical. Similarly, in 2012, the FTC announced revisions to its Guides For The Use Of Environmental Marketing Claims, or the "Green Guides," that assist advertisers in avoiding the dissemination of false or deceptive environmental claims for their products. The Green Guides revisions introduced new and proscriptive guidance regarding advertisers' use of product certifications and seals of approval, "recyclable" claims, "renewable materials" claims, "carbon offset" claims and other environmental benefit claims. Although we strive to adapt our marketing efforts to evolving regulatory requirements and related guidance, we may not always anticipate or timely identify changes in regulation or official guidance that could impact our business, with the result that we could be subjected to litigation and enforcement actions that could adversely affect our business, financial condition, results of operations and prospects. Future changes in regulations and related official guidance, including the Endorsement Guides and Green Guides, could also introduce new restrictions that impair our ability to market our products effectively and place us at a competitive disadvantage with competitors who depend less than we do on environmental marketing claims and social media influencer relationships.

Moreover, any change in manufacturing, advertising, labeling or packaging requirements for our products may lead to an increase in costs or interruptions in production, either of which could adversely affect our business, financial condition, results of operations and prospects. New or revised government laws, regulations or guidelines could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which could have an adverse effect on our business, financial condition, results of operations and prospects.

Failure by our network of retail and ecommerce partners, suppliers or manufacturers to comply with product safety, environmental or other laws and regulations, or with the specifications and requirements of our products, may disrupt our supply of products and adversely affect our business.

If our network of retail and ecommerce partners, suppliers or manufacturers fail to comply with environmental, health and safety or other laws and regulations, or face allegations of non-compliance, their operations may be disrupted and our reputation could be harmed. Additionally, our retail and ecommerce partners, suppliers and manufacturers are required to maintain the quality of our products and to comply with our standards and specifications. In the event of actual or alleged non-compliance, we might be forced to find alternative retail or ecommerce partners, suppliers or manufacturers and we may be subject to lawsuits and/or regulatory enforcement actions related to such non-compliance by the suppliers and manufacturers. As a result, our supply of Diapers and Wipes, Skin and Personal Care and Household and Wellness products could be disrupted or our costs could increase, which could adversely affect our business, financial condition, results of operations and prospects. The failure of any partner or manufacturer to produce products that conform to our standards could adversely affect our reputation in the marketplace and result in product recalls, product liability claims, government or third-party actions and economic loss. For example, a manufacturer's failure to meet Current Good Manufacturing Practices, or cGMPs, could result in the delivery of product that is subject to a product recall, product liability litigation, or government investigations. Additionally, actions we may take to mitigate the impact of any disruption or potential disruption in our supply of materials or finished inventory, including increasing inventory in anticipation of a potential supply or production interruption, could have an adverse effect on our business, financial condition, results of operations and prospects.

Class action litigation, other legal claims and regulatory enforcement actions could subject us to liability for damages, civil and criminal penalties and other monetary and non-monetary liability and could otherwise adversely affect our reputation, business, financial condition, results of operations and prospects.

We operate in a highly regulated environment with constantly evolving legal and regulatory frameworks. Consequently, we are subject to a heightened risk of consumer class action litigation, other legal claims, government investigations or other regulatory enforcement actions. The product marketing and labeling practices of companies operating in the Diapers and Wipes, Skin and Personal Care, Household and Wellness and clean conscious products segments of the marketplace receive close scrutiny from the private plaintiff's class action bar and from public consumer protection agencies. Accordingly, there is risk that consumers will bring class action lawsuits and that the FTC and/or state attorneys general or other consumer protection law enforcement authorities will bring legal actions concerning the truth and accuracy of our product marketing and labeling claims. Examples of causes of action that may be asserted in a consumer class action lawsuit include fraud, false advertising, unfair and deceptive practices, negligent misrepresentation and breach of state consumer protection statutes. We have been targeted with such litigation in the past. For example, in 2015, multiple class action lawsuits were filed against us claiming that certain of our products, including our sunscreen, were ineffective and were not "natural." In 2017, we settled these class action lawsuits by agreeing to labeling changes and a $7.4 million settlement fund. In 2016, multiple class action lawsuits were filed against us claiming that we misled buyers about ingredients in our laundry detergent, dish soap and multi-surface cleaner. In 2017, we settled these class action lawsuits by agreeing to marketing or reformulating changes and a settlement fund of $1.6 million. We have also been the subject of litigation claiming our labels contain inaccurate or misleading information. In response, we are in the process of updating the language on certain of our labels. Changes in our labels could reduce overall consumption of our products or leave consumers with the perception (whether or not valid) that our products do not meet their safety, efficacy or clean conscious needs, which could adversely affect our reputation, business, financial condition, results of operations and prospects. Although we have implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that our employees, consultants, independent contractors, suppliers, manufacturers or retail or ecommerce partners will not violate our policies and procedures. Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations. Legal claims, government investigations or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations could subject us to civil and criminal penalties and liabilities that could adversely affect our product sales, reputation, financial condition and operating results. These liabilities could include obligations to reformulate products or remove them from the marketplace, as well as obligations to disgorge revenue and to accept burdensome injunctions that limit our freedom to market our products. In addition, the costs and other effects of defending potential and pending litigation and administrative actions against us may be difficult to determine and could adversely affect our reputation, business, brand image, financial condition, results of operations and prospects.

Furthermore, although we believe that the extent of our insurance coverage is consistent with industry practice, any claim under our insurance policies may be subject to certain exceptions, may not be honored fully, in a timely manner, or at all, and we may not have purchased sufficient insurance to cover all losses incurred. If we were to incur substantial liabilities, as a result of civil or criminal penalties or otherwise, or if our business operations were interrupted for a substantial period of time, we could incur costs and suffer losses. Such liabilities, including inventory and business interruption losses, may not be covered by our insurance policies. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers. We do not know, however, if we will be able to maintain existing insurance with adequate levels of coverage. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our cash position and results of operations. Additionally, in the future, insurance coverage may not be available to us at commercially acceptable premiums, or at all.

Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business.

We are, and may in the future become, party to various claims and litigation proceedings. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our assessments and estimates. We are not currently party to any material litigation.

Even when not merited, the defense of these lawsuits may divert our management's attention, and we may incur significant expenses in defending these lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have an adverse effect on our business, financial condition, results of operations and prospects. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery.

We (and our vendors) are subject to stringent and changing laws, regulations, industry standards, information security policies, self-regulatory schemes and contractual obligations related to data processing, protection, privacy and security. The actual or perceived failure by us, our consumers, partners or vendors to comply with such laws, regulations, industry standards, information security policies, self-regulatory schemes and contractual obligations related to data processing, protection, privacy and data security could have an adverse effect on our business, financial condition, results of operations and prospects.

We process, and our vendors process on our behalf, personal information, confidential information and other information necessary to provide and deliver our products through our DTC channel to operate our business, for legal and marketing purposes, and for other business-related purposes.

Data privacy and information security has become a significant issue in the United States, countries in Europe, and in many other countries in which we operate and where we offer our products and services. The legal and regulatory framework for privacy and security issues is rapidly evolving and is expected to increase our compliance costs and exposure to liability. There are numerous federal, state, local, and international laws, orders, codes, regulations and regulatory guidance regarding privacy, information security and Processing (which we collectively refer to as Data Protection Laws), the number and scope of which is changing, subject to differing applications and interpretations, and which may be inconsistent among jurisdictions, or in conflict with other rules, laws or Data Protection Obligations (defined below). We expect that there will continue to be new Data Protection Laws and Data Protection Obligations, and we cannot yet determine the impact such future Data Protection Laws may have on our business. Any significant change to Data Protection Laws and Data Protection Obligations, including without limitation, regarding the manner in which the express or implied consent of consumers for Processing is obtained, could increase our costs and require us to modify our operations, possibly in a material manner, which we may be unable to complete and may limit our ability to store and process consumer data and operate our business.

Data Protection Laws and data protection worldwide is, and is likely to remain, uncertain for the foreseeable future, and our actual or perceived failure to address or comply with these laws could have an adverse effect on our business, financial condition, results of operations and prospects.

We are or may also be subject to the terms of our external and internal privacy and security policies, codes, representations, certifications, industry standards, publications and frameworks (which we collectively refer to as Privacy Policies) and contractual obligations to third parties related to privacy, information security and Processing, including contractual obligations to indemnify and hold harmless third parties from the costs or consequences of non-compliance with Data Protection Laws or other obligations (which we collectively refer to as Data Protection Obligations).

We strive to comply with applicable Data Protection Laws, Privacy Policies and Data Protection Obligations to the extent possible, but we may at times fail to do so, or may be perceived to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance if our employees, partners or vendors do not comply with applicable Data Protection Laws, Privacy Policies and Data Protection Obligations. If we or our vendors fail (or are perceived to have failed) to comply with applicable Data Protection Laws, Privacy Policies and Data Protection Obligations, or if our Privacy Policies are, in whole or part, found to be inaccurate, incomplete, deceptive, unfair, or misrepresentative of our actual practices, our business, financial condition, results of operations and prospects could be adversely affected.

In the United States, these include rules and regulations promulgated under the authority of the Federal Trade Commission, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, the California Consumer Privacy Act, or CCPA, and other state and federal laws relating to privacy and data security. The CCPA requires companies that process information of California residents to make new disclosures to consumers about their data collection, use and sharing practices, and allows consumers to opt out of the sale of personal information with third parties and provides a private right of action and statutory damages for data breaches. The CCPA may increase our compliance costs and potential liability. In addition, California voters recently approved the California Privacy Rights Act of 2020, or CPRA, that goes into effect on January 1, 2023. The CPRA would, among other things, give California residents the ability to limit the use of their sensitive information, provide for penalties for CPRA violations concerning California residents under the age of 16, and establish a new California Privacy Protection Agency to implement and enforce the law. Other jurisdictions in the United States are beginning to propose laws similar to the CCPA. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business, financial condition, results of operations and prospects.

We rely on a variety of marketing techniques and practices, including email and social media marketing, online targeted advertising, cookie-based Processing, and postal mail to sell our products and services and to attract new consumers, and we, and our vendors, are subject to various current and future Data Protection Laws and Data Protection Obligations that govern marketing and advertising practices. Governmental authorities continue to evaluate the privacy implications inherent in the use of third-party “cookies” and other methods of online tracking for behavioral advertising and other purposes, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices, web browsers and application stores have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, require additional consents, or limit the ability to track user activity, which could if widely adopted result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. Laws and regulations regarding the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new consumers on cost-effective terms, which, in turn, could have an adverse effect on our business, financial condition, results of operations and prospects.

In Europe, the General Data Protection Regulation (2016/679), or GDPR, went into effect in May 2018 and introduced strict requirements for processing the personal data of European Union data subjects. The GDPR may apply to us to the extent we process the personal data of European Union data subjects. Companies that must

comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements, an order prohibiting Processing of European data subject personal data and potential fines for noncompliance of up to €20 million or 4% of the annual global revenues of the noncompliant company, whichever is greater. European data protection laws including the GDPR also generally prohibit the transfer of personal data from Europe, including the European Economic Area, or EEA, the United Kingdom, and Switzerland, to the United States and most other countries unless the parties to the transfer have established a legal basis for the transfer and implemented specific safeguards to protect the transferred personal data. One of the primary mechanisms allowing U.S. companies to import personal information from Europe in compliance with the GDPR has been certification to the EU-U.S. Privacy Shield and Swiss-U.S. Privacy Shield frameworks administered by the U.S. Department of Commerce. However, the Court of Justice of the European Union, the "Schrems II" ruling, recently invalidated the EU-U.S. Privacy Shield framework. The Swiss Federal Data Protection and Information Commissioner also recently opined that the Swiss-U.S. Privacy Shield is inadequate for transfers of data from Switzerland to the U.S. Authorities in the United Kingdom, whose data protection laws are similar to those of the European Union, may similarly invalidate use of the EU-U.S. Privacy Shield as mechanisms for lawful personal information transfers from those countries to the United States.

The Schrems II decision also raised questions about whether one of the primary alternatives to the EU-U.S. Privacy Shield, namely, the European Commission's Standard Contractual Clauses, can lawfully be used for personal information transfers from Europe to the United States or most other countries. At present, there are few, if any, viable alternatives to the EU-U.S. Privacy Shield and the Standard Contractual Clauses, or SCCs. The European Commission recently proposed updates to the SCCs, and additional regulatory guidance has been released that seeks to imposes additional obligations on companies seeking to rely on the SCCs. As such, any transfers by us or our vendors of personal data from Europe may not comply with European data protection law; may increase our exposure to the GDPR's heightened sanctions for violations of its cross-border data transfer restrictions and may reduce demand for our products from companies subject to European data protection laws. Additionally, other countries outside of Europe have enacted or are considering enacting similar cross-border data transfer restrictions and laws requiring local data residency, which could increase the cost and complexity of delivering our products and operating our business.

Government regulation of the Internet and ecommerce is evolving, and unfavorable changes or failure by us to comply with these regulations could have an adverse effect on our business, financial condition, results of operations and prospects.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and ecommerce. Existing and future regulations and laws could impede the growth of the Internet, ecommerce or mobile commerce, which could in turn adversely affect our growth. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, consumer protection, sales practices and Internet neutrality. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the Internet as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or ecommerce. It is possible that general business regulations and laws, or those specifically governing the Internet or ecommerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities, customers, suppliers or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our website and mobile applications by customers and suppliers and may result in the imposition of monetary liabilities and burdensome injunctions. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. As a result, adverse developments with respect to these laws and regulations could have an adverse effect on our business, financial condition, results of operations and prospects.

Developments in labor and employment law and any unionizing efforts by employees could have an adverse effect on our business, financial condition, results of operations and prospects.

We face the risk that Congress, federal agencies or one or more states could approve legislation or regulations significantly affecting our businesses and our relationship with our employees and other individuals providing valuable services to us, such as our influencers. For example, the previously proposed federal legislation referred to as the Employee Free Choice Act would have substantially liberalized the procedures for union organization. None of our employees are currently covered by a collective bargaining agreement, but any attempt by our employees to organize a labor union could result in increased legal and other associated costs. Additionally, given the National Labor Relations Board's "speedy election" rule, our ability to timely and effectively address any unionizing efforts would be difficult. If we enter into a collective bargaining agreement with our employees, the terms could have an adverse effect on our costs, efficiency and ability to generate acceptable returns on the affected operations.

Federal and state wage and hour rules establish minimum salary requirements for employees to be exempt from overtime payments. For example, among other requirements, California law requires employers to pay employees who are classified as exempt from overtime a minimum salary of at least twice the minimum wage, which is currently $58,240 per year for executive, administrative and professional employees with employers that have 26 or more employees. Minimum salary requirements impact the way we classify certain employees, increases our payment of overtime wages and provision of meal or rest breaks, and increases the overall salaries we are required to pay to currently exempt employees to maintain their exempt status. As such, these requirements could have an adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Our Intellectual Property and Information Technology

We may be unable to adequately obtain, maintain, protect and enforce our intellectual property rights.

We regard our brand, consumer lists, trademarks, trade dress, domain names, trade secrets, proprietary technology and similar intellectual property as critical to our success. We rely on trademark, copyright and patent law, trade secret protection, and confidentiality agreements with our employees and others to protect our proprietary rights.

Effective intellectual property protection may not be available in every country in which our products are, or may be made, available. The protection of our intellectual property rights may require the expenditure of significant financial, managerial and operational resources. Moreover, the steps we take to protect our intellectual property may not adequately protect our rights or prevent third parties from infringing, misappropriating or otherwise violating our proprietary rights, and we may be unable to broadly enforce all of our intellectual property rights. Any of our intellectual property rights may be challenged by others or invalidated through administrative process or litigation.

Our pending and future patent and trademark applications may never be granted. Additionally, the process of obtaining patent and trademark protection is expensive and time-consuming, and we may be unable to prosecute all necessary or desirable patent and trademark applications at a reasonable cost or in a timely manner. There can be no assurance that our issued patents and registered trademarks or pending applications, if issued or registered, will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent, trademark and other intellectual property rights are constantly evolving and vary by jurisdiction. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights.

We further rely on confidentiality agreements to protect our intellectual property rights. Our confidentiality agreements with our employees and certain of our consultants, contract employees, suppliers and independent contractors, including some of our manufacturers who use our formulations to manufacture our products, generally require that all information made known to them be kept strictly confidential. The effectiveness of

these agreements are important as some of our formulations have been developed by or with our suppliers and manufacturers. However, we may fail to enter into confidentiality agreements with all parties who have access to our trade secrets or other confidential information. In addition, parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. Even if we are successful in prosecuting such claims, any remedy awarded may be insufficient to fully compensate us for the improper disclosure or misappropriation. In addition, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

We might be required to spend significant resources to monitor and protect our intellectual property rights. For example, we may initiate claims or litigation against others for infringement, misappropriation or violation of our intellectual property rights or other proprietary rights or to establish the validity of such rights. However, we may be unable to discover or determine the extent of any infringement, misappropriation or other violation of our intellectual property rights and other proprietary rights. Despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Further, the United Kingdom's vote in favor of exiting the European Union, often referred to as Brexit, and ongoing developments in the United Kingdom have created uncertainty with regard to data protection regulation in the United Kingdom. Following the United Kingdom's withdrawal from the European Union on January 31, 2020, pursuant to the transitional arrangements agreed to between the United Kingdom and European Union, the GDPR continued to have effect in United Kingdom law, and continued to do so until December 31, 2020 as if the United Kingdom remained a Member State of the European Union for such purposes. Following December 31, 2020, and the expiration of those transitional arrangements, the data protection obligations of the GDPR continue to apply to United Kingdom-related processing of personal data in substantially unvaried form under the so-called "UK GDPR" (i.e., the GDPR as it continues to form part of law in the United Kingdom by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended (including by the various Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations)). However, going forward, there will be increasing scope for divergence in application, interpretation and enforcement of the data protection law as between the United Kingdom and EEA. Furthermore, the relationship between the United Kingdom and the EEA in relation to certain aspects of data protection law remains somewhat uncertain. For example, it is unclear whether transfers of personal data from the EEA to the United Kingdom will be permitted to take place on the basis of a future adequacy decision of the European Commission, or whether a "transfer mechanism," such as the Standard Contractual Clauses, will be required. For the meantime, under the post-Brexit Trade and Cooperation Agreement between the European Union and the United Kingdom, it has been agreed that transfers of personal data to the United Kingdom from European Union Member States will not be treated as "restricted transfers" to a non-EEA country for a period of up to four months from January 1, 2021, plus a potential further two months extension, or the extended adequacy assessment period. This will also apply to transfers to the United Kingdom from EEA Member States, assuming those Member States accede to the relevant provision of the Trade and Cooperation Agreement. Although the current maximum duration of the extended adequacy assessment period is six months it may end sooner, for example, in the event that the European Commission adopts an adequacy decision in respect of the United Kingdom, or the United Kingdom amends the UK GDPR and/or makes certain changes regarding data transfers under the UK GDPR/Data Protection Act 2018 without the consent of the European Union (unless those amendments or decisions are made simply to keep relevant United Kingdom laws aligned with the European Union's data protection regime). If the European Commission does not adopt an 'adequacy decision' in respect of the United Kingdom prior to the expiry of the extended adequacy assessment period, from that point onwards the United Kingdom will be an "inadequate third country" under the GDPR and transfers of data from the EEA to the United Kingdom will require a "transfer mechanism," such as the Standard Contractual Clauses.

Additionally, as noted above, the United Kingdom has transposed the GDPR into United Kingdom domestic law by way of the UK GDPR with effect from January 2021, which could expose us to two parallel regimes, each of which potentially authorizes similar fines and other potentially divergent enforcement actions for certain violations. Also, following the expiry of the post-Brexit transitional arrangements, the United Kingdom Information Commissioner's Office is not able to be our "lead supervisory authority" in respect of any "cross border processing" for the purposes of the GDPR. For so long as we are unable to, and/or do not, designate a lead supervisory authority in an EEA member state, with effect from January 1, 2021, we are not able to benefit from the GDPR's "one stop shop" mechanism. Amongst other things, this would mean that, in the event of a violation of the GDPR affecting data subjects across the United Kingdom and the EEA, we could be investigated by, and ultimately fined by the United Kingdom Information Commissioner's Office and the supervisory authority in each and every EEA member state where data subjects have been affected by such violation. Other countries have also passed or are considering passing laws requiring local data residency and/or restricting the international transfer of data.

The loss of any registered trademark or other intellectual property could enable other companies to compete more effectively with us.

We consider our trademarks to be valuable assets that reinforce our brand and consumers' perception of our products. We have invested a significant amount of time and money in establishing and promoting our trademarked brands. Our continued success depends, to a significant degree, upon our ability to protect and preserve our registered trademarks and to successfully obtain additional trademark registrations in the future.

We may not be able to obtain trademark protection in all territories that we consider to be important to our business. In addition, we cannot assure you that the steps we have taken to protect our trademarks are adequate, that our trademarks can be successfully defended and asserted in the future or that third parties will not infringe upon any such rights. Our trademark rights and related registrations may be challenged, opposed, infringed, cancelled, circumvented or declared generic, or determined to be infringing on other marks, as applicable. Failure to protect our trademark rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of our brand and products. Moreover, any trademark disputes may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether we are successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences could have an adverse effect on our business, financial condition, results of operations and prospects.

If we fail to comply with our obligations under our existing license agreements or cannot license rights to use technologies on reasonable terms or at all, we may be unable to license rights that are critical to our business.

We license certain intellectual property which is critical to our business, including pursuant to the Likeness Agreement with Jessica Alba. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could inhibit our ability to commercialize our products. If any contract interpretation disagreement were to arise, the resolution could narrow what we believe to be the scope of our rights to the relevant intellectual property or increase what we believe to be our financial or other obligations under the relevant agreement. Any of the foregoing could adversely impact our business, financial condition and results of operations.

In addition, in the future we may identify additional third-party intellectual property we may need to license in order to engage in our business, including to develop or commercialize new products. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and companies with greater size and capital resources than us may pursue strategies

to license or acquire third-party intellectual property rights that we may consider attractive or necessary. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial royalties or other fees. If we are unable to enter into the necessary licenses on acceptable terms or at all, it could have an adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to claims or other allegations that we infringe, misappropriate or otherwise violate the intellectual property rights of third parties, which could result in substantial damages and diversion of management's efforts and attention.

Third parties have from time to time claimed, and may claim in the future, that we have infringed, misappropriated or otherwise violated their intellectual property rights. These claims, whether meritorious or not, could be time-consuming, result in considerable litigation costs, result in injunctions against us or the payment of damages by us, require significant amounts of management time or result in the diversion of significant operational resources and expensive changes to our business model, result in the payment of substantial damages or injunctions against us, or require us to enter into costly royalty or licensing agreements, if available. In addition, we may be unable to obtain or utilize on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property we do not own. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims. Any payments we are required to make and any injunctions we are required to comply with as a result of these claims could have an adverse effect on our business, financial condition, results of operations and prospects.

Our reliance on software-as-a-service, or SaaS, technologies from third parties may adversely affect our business and results of operations.

We rely on SaaS technologies from third parties in order to operate critical functions of our business, including financial management services, customer relationship management services, supply chain services and data storage services. If these services become unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices, or for any other reason, our expenses could increase, our ability to manage our finances could be interrupted, our processes for managing sales of our offerings and supporting our consumers could be impaired, our ability to communicate with our suppliers could be weakened and our ability to access or save data stored to the cloud may be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could have an adverse effect on our business, financial condition, results of operations and prospects.

We must successfully maintain, scale and upgrade our information technology systems, and our failure to do so could have an adverse effect on our business, financial condition, results of operations and prospects.

We have identified the need to significantly expand, scale and improve our information technology systems and personnel to support recent and expected future growth. As such, we are in the process of implementing, and will continue to invest in and implement, significant modifications and upgrades to our information technology systems and procedures, including replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality, hiring employees with information technology expertise and building new policies, procedures, training programs and monitoring tools. These types of activities subject us to inherent costs and risks associated with replacing and changing these systems, including impairment of our ability to leverage our Retail channel or fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, the need to acquire and retain sufficiently skilled personnel to implement and operate the new systems, demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. Additionally, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures, or our inability to successfully modify our information systems to respond to changes in our business needs may cause disruptions in our business operations and could have an adverse effect on our business, financial condition, results of operations and prospects.

We are increasingly dependent on information technology and our ability to process data in order to operate and sell our goods and services, and if we (or our vendors) are unable to protect against software and hardware vulnerabilities, service interruptions, data corruption, cyber-based attacks, ransomware or security breaches, or if we fail to comply with our commitments and assurances regarding the privacy and security of such data, our operations could be disrupted, our ability to provide our goods and services could be interrupted, our reputation may be harmed and we may be exposed to liability and loss of consumers and business.

We rely on information technology networks and systems and data processing (some of which are managed by third-party service providers) to market, sell and deliver our products and services, to fulfill orders, to collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of and share (which we collectively refer to as Process or Processing) personal information, confidential or proprietary information, financial information and other information, to manage a variety of business processes and activities, for financial reporting purposes, to operate our business, process orders and to comply with regulatory, legal and tax requirements (which we collectively refer to as Business Functions). These information technology networks and systems, and the Processing they perform, may be susceptible to damage, disruptions or shutdowns, software or hardware vulnerabilities, security incidents, ransomware attacks, social engineering attacks, supply-side attacks, failures during the process of upgrading or replacing software, databases or components, power outages, fires, natural disasters, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. Due to the COVID-19 pandemic, our personnel are temporarily working remotely and relying on their own computers, routers and other equipment, which may pose additional data security risks to networks, systems and data. Any material disruption of our networks, systems or data processing activities, or those of our third-party service providers, could disrupt our ability to undertake, and cause a material adverse impact to, our Business Functions and our business, reputation and financial condition. If our information technology networks and systems or data processing (or of our third-party service providers) suffers damage, security breaches, vulnerabilities, disruption or shutdown, and we do not effectively resolve the issues in a timely manner, they could cause a material adverse impact to, our Business Functions and our business, reputation and financial condition. Our DTC and ecommerce operations are critical to our business and our financial performance. Our website serves as an effective extension of our marketing strategies by exposing potential new consumers to our brand, product offerings and enhanced content. Due to the importance of our website and DTC operations, any material disruption of our networks, systems or data processing activities related to our websites and DTC operations could reduce DTC sales and financial performance, damage our brand's reputation and materially adversely impact our business.

Despite our efforts to ensure the security, privacy, integrity, confidentiality, availability, and authenticity of information technology networks and systems, Processing and information, we may not be able to anticipate or to implement effective preventive and remedial measures against all data security and privacy threats. The recovery systems, security protocols, network protection mechanisms and other security measures that we have integrated into our systems, networks and physical facilities, which are designed to protect against, detect and minimize security breaches, may not be adequate to prevent or detect service interruption, system failure data loss or theft, or other material adverse consequences. No security solution, strategy, or measures can address all possible security threats or block all methods of penetrating a network or otherwise perpetrating a security incident. The risk of unauthorized circumvention of our security measures or those of our third-party providers, clients and partners has been heightened by advances in computer and software capabilities and the increasing sophistication of hackers who employ complex techniques, including without limitation, the theft or misuse of personal and financial information, counterfeiting, "phishing" or social engineering incidents, ransomware, extortion, publicly announcing security breaches, account takeover attacks, denial or degradation of service attacks, malware, fraudulent payment and identity theft. Because the techniques used by hackers change frequently, we may be unable to anticipate these techniques or implement adequate preventive measures. Our applications, systems, networks, software and physical facilities could have material vulnerabilities, be breached or personal or confidential information could be otherwise compromised due to employee error or malfeasance, if, for example, third parties attempt to fraudulently induce our personnel or our consumers to disclose information or user names

and/or passwords, or otherwise compromise the security of our networks, systems and/or physical facilities. Third parties may also exploit vulnerabilities in, or obtain unauthorized access to, platforms, software, applications, systems, networks, sensitive information, and/or physical facilities utilized by our vendors. Improper access to our systems or databases could result in the theft, publication, deletion or modification of personal information, confidential or proprietary information, financial information and other information. An actual or perceived breach of our security systems or those of our third-party service providers may require notification under applicable data privacy regulations or contractual obligations, or for consumer relations or publicity purposes, which could result in reputational harm, costly litigation (including class action litigation), material contract breaches, liability, settlement costs, loss of sales, regulatory scrutiny, actions or investigations, a loss of confidence in our business, systems and Processing, a diversion of management's time and attention, and significant fines, penalties, assessments, fees and expenses.

The costs to respond to a security breach and/or to mitigate any security vulnerabilities that may be identified could be significant, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service, negative publicity, and other harm to our business and our competitive position. We could be required to fundamentally change our business activities and practices in response to a security breach or related regulatory actions or litigation, which could have an adverse effect on our business.

We may have contractual and other legal obligations to notify relevant stakeholders of any security breaches. Most jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities, and others of security breaches involving certain types of data. In addition, our agreements with certain consumers and partners may require us to notify them in the event of a security breach. Such mandatory disclosures are costly, could lead to negative publicity, may cause our consumers to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived security breach, and may cause us to breach consumer or ecommerce or retail customer contracts. Our agreements with certain consumers or ecommerce or retail customers, our representations, or industry standards, may require us to use industry-standard or reasonable measures to safeguard sensitive personal information or confidential information. A security breach could lead to claims by our consumers or ecommerce or retail customers, or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal action or our consumers or ecommerce or retail customers could end their relationships with us. There can be no assurance that any limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages.

We have not always been able in the past and may be unable in the future to detect, anticipate, measure or prevent threats or techniques used to detect or exploit vulnerabilities in our (or our third parties') information technology, services, Processing, communications or software, or cause security breaches, because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after an incident has occurred. In addition, security researchers and other individuals have in the past and will continue in the future to actively search for and exploit actual and potential vulnerabilities in our (or our third parties') information technology, services, communications or software. We cannot be certain that we will be able to address any such vulnerabilities, in whole or in part, and there may be delays in developing and deploying patches and other remedial measures to adequately address vulnerabilities, and taking such remedial steps could adversely impact or disrupt our operations. We expect similar issues to arise in the future as our products and services are more widely adopted, and as we continue to expand the features and functionality of existing products and services and introduce new products and services

We may not have adequate insurance coverage for security incidents or breaches, including fines, judgments, settlements, penalties, costs, attorney fees and other impacts that arise out of incidents or breaches. If the impacts of a security incident or breach, or the successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium

increases or the imposition of large deductible or co-insurance requirements), it could have an adverse effect on our business. In addition, we cannot be sure that our existing insurance coverage, cyber coverage and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to all or part of any future claim or loss. Our risks are likely to increase as we continue to expand, grow our consumer base, and process, store, and transmit increasingly large amounts of proprietary and sensitive data.

Risks Related to Conducting Business Internationally

If we cannot successfully manage the unique challenges presented by international markets, we may not be successful in expanding our operations outside the United States.

Our strategy includes the expansion of our operations to international markets. We currently sell products through retailers in Canada, the United Kingdom and certain countries in the European Union and we are considering distributing or shipping to additional geographies. Although some of our executive officers have experience in international business from prior positions, we have little experience with operations outside the United States. Our ability to successfully execute this strategy is affected by many of the same operational risks we face in expanding our U.S. operations. In addition, our international expansion may be adversely affected by our ability to identify and gain access to local suppliers, obtain and protect relevant trademarks, domain names, and other intellectual property, as well as by local laws and customs, legal and regulatory constraints, political and economic conditions and currency regulations of the countries or regions in which we may intend to operate in the future. Risks inherent in expanding our operations internationally also include, among others, the costs and difficulties of managing international operations, adverse tax consequences, domestic and international tariffs and other barriers to trade.

In addition, competition is likely to intensify in the international markets where we plan to expand our operations. Standards for “clean”, “natural” or “organic” product labeling or designations may vary across different markets, which may require us to market our products differently or change the formulations of our products to meet local standards. Local companies based in markets outside the United States may have a substantial competitive advantage because of their greater understanding of, and focus on, those local markets. Some of our competitors may also be able to develop and grow in international markets more quickly than we will.

Our business activities may be subject to the U.S. Foreign Corrupt Practices Act and similar anti-bribery and anti-corruption laws of other countries in which we operate, as well as U.S. and certain foreign export controls, trade sanctions, and import laws and regulations. Compliance with these legal requirements could limit our ability to compete in foreign markets and subject us to liability if we violate them.

We derive a significant portion of our products from third-party manufacturing and supply partners in foreign countries and territories, including countries and territories perceived to carry an increased risk of corrupt business practices. The U.S. Foreign Corrupt Practices Act, or the FCPA, prohibits U.S. corporations and their employees and representatives from, directly or indirectly, offering, promising, making, giving, or authorizing others to give anything of value to any foreign government official, political party or official thereof, or political candidate to influence official action or otherwise in an attempt to obtain or retain business. In addition, the FCPA also requires that we make and keep accurate books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls and compliance procedures designed to prevent violations of anti-corruption laws. We may be held liable for the corrupt or other illegal activities of our employees and representatives, even if we do not explicitly authorize such activities. We cannot assure you that all of our employees and representatives will not take actions in violation of anti-corruption laws for which we may be ultimately held responsible. As we increase our international business, our risks under anti-corruption laws may increase.

In addition, our products may be subject to U.S. and foreign export controls, trade sanctions, and import laws and regulations. Governmental regulation of the import or export of our products, or our failure to obtain any required import or export authorization for our products, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the export of our products may create delays in the introduction of our products in international markets or, in some cases, prevent the export of our products to some countries altogether. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments, and persons targeted by U.S. sanctions.

If we or our employees or representatives are determined to have violated the FCPA, U.S. export control laws and economic sanctions, or any of the anti-corruption, anti-bribery, export control, and sanctions laws in the countries and territories where we and our representatives do business, we could suffer severe fines and penalties, profit disgorgement, injunctions on future conduct, securities litigation, bans on transacting certain business, and other consequences that may have an adverse effect on our business, financial condition, results of operations and prospects. In addition, the costs we may incur in defending against any investigations stemming from our or our employees' or representatives' improper actions could be significant. Moreover, any actual or alleged corruption or sanctions concerns in our supply chain could carry significant reputational harm, including negative publicity, loss of goodwill, and decline in share price.

International trade disputes and the U.S. government's trade policy could adversely affect our business.

International trade disputes could result in tariffs and other protectionist measures that could adversely affect our business. Tariffs could increase the cost of our products and the components and raw materials that go into making them. These increased costs could adversely impact the gross margin that we earn on our products. Countries may also adopt other protectionist measures that could limit our ability to offer our products.

The U.S. government has indicated its intent to adopt a new approach to trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements. It has also initiated tariffs on certain foreign goods and has raised the possibility of imposing significant, additional tariff increases or expanding the tariffs to capture other types of goods. Although the tariffs that have been initiated to date have not had a material impact on our operating results, to the extent that significant additional tariffs are imposed, depending on the extent of such tariffs, they could have a material impact on our operating results.

We cannot predict the extent to which the United States or other countries will impose quotas, duties, tariffs, taxes or other similar restrictions upon the import or export of our products in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our consumers, our suppliers, and the U.S. economy, which in turn could have an adverse effect on our business, financial condition, results of operations and prospects.

Fluctuations in currency exchange rates may negatively affect our financial condition and results of operations.

Exchange rate fluctuations may affect the costs that we incur in our operations. The main currencies to which we are exposed are the Canadian Dollar, the Euro and the British Pound. The exchange rates between these currencies and the U.S. dollar in recent years have fluctuated significantly and may continue to do so in the future. A depreciation of these currencies against the U.S. dollar will decrease the U.S. dollar equivalent of the amounts derived from foreign operations reported in our consolidated financial statements, and an appreciation of these currencies will result in a corresponding increase in such amounts. The cost of certain items, such as materials, manufacturing, employee salaries and transportation and freight, required by our operations may be affected by changes in the value of the relevant currencies. To the extent that we are required to pay for goods or services in foreign currencies, the appreciation of such currencies against the U.S. dollar will tend to negatively affect our business. There can be no assurance that foreign currency fluctuations will not have an adverse effect on our business, financial condition, results of operations and prospects.

We are subject to international business uncertainties.

In 2020, international sales represented 2% of total revenue and part of our strategy is to accelerate growth outside of the United States. In addition, our business relies on third-party suppliers and manufacturers located in China, Mexico, and certain other foreign countries. We intend to continue to sell to consumers outside the United States and maintain our relationships in China, Mexico, and other foreign countries where we have suppliers and manufacturers. Further, we may establish additional relationships in other countries to grow our operations. The substantial up-front investment required, the lack of consumer awareness of our products in jurisdictions outside of the United States, differences in consumer preferences and trends between the United States and other jurisdictions, the risk of inadequate intellectual property protections and differences in packaging, labeling and related laws, rules and regulations are all substantial matters that need to be evaluated prior to doing business in new territories. We cannot be assured that our international efforts will be successful. International sales and increased international operations may be subject to risks such as:

- difficulties in staffing and managing foreign operations and geographically dispersed operations;
- burdens of complying with a wide variety of laws and regulations, including more stringent regulations relating to data privacy and security, particularly in the European Union;
- adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash;
- political and economic instability;
- terrorist activities and natural disasters;
- trade restrictions;
- differing employment practices and laws and labor disruptions;
- the imposition of government controls;
- an inability to use or to obtain adequate intellectual property protection for our brand and key products;
- difficulties in enforcing contracts and legal decisions;
- tariffs and customs duties and the classifications of our goods by applicable governmental bodies;
- a legal system subject to undue influence or corruption;
- a business culture in which illegal sales practices may be prevalent;
- logistics and sourcing; and
- military conflicts.

The occurrence of any of these risks could have an adverse effect on our international business and consequently our overall business, financial condition, results of operations and prospects.

Risks Related to Ownership of Our Common Stock

Our stock price may be volatile, and the value of our common stock may decline.

The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in our projected operating and financial results;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;

- announcements or concerns regarding real or perceived quality or health issues with our products or similar products of our competitors;
- adoption of new regulations applicable to the Diapers and Wipes, Skin and Personal Care and Household and Wellness industries or the expectations concerning future regulatory developments;
- our involvement in litigation;
- future sales of our common stock by us or our stockholders, as well as the anticipation of lock-up releases;
- changes in senior management or key personnel;
- the trading volume of our common stock; and
- changes in the anticipated future size and growth rate of our market.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may also negatively impact the market price of our common stock, particularly in light of uncertainties surrounding the ongoing COVID-19 pandemic and the related impacts.

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 amended and restated certificate of incorporation and amended and restated bylaws that will be in effect immediately prior to the 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 amended and restated bylaws will include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights and preferences determined by our board of directors that may be senior to our common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors, or our chief executive officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed for cause only upon the vote of at least % of our outstanding shares of voting stock;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum; and
- require the approval of our board of directors or the holders of at least % of our outstanding shares of voting stock to amend our bylaws and certain provisions of our certificate of incorporation.

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. In addition, because we are incorporated in

Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder.

Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our common stock in an acquisition.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty;
- any action asserting a claim against us arising under the Delaware General Corporation Law, or DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine or otherwise related to our internal affairs.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters for any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

This exclusive-forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business, financial condition, results of operations and prospects.

Other than the 2021 Dividend payable immediately prior to the closing of this offering, we do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

In , 2021, our board of directors declared a cash dividend of $ million that is contingent upon, and payable immediately prior to, the closing of this offering to the holders of record of our common stock and our redeemable convertible preferred stock as of , 2021, or the 2021 Dividend. Investors in this offering will not be eligible to receive this dividend. Other than the 2021 Dividend, we have never declared or paid cash dividends on our capital stock and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment. In addition, the 2021 Credit Facility contains restrictions on our ability to pay dividends.

No public market for our common stock currently exists, and an active public trading market may not develop or be sustained following this offering.

Prior to this offering, no public market for our common stock currently existed. An active public trading market for our common stock may not develop following the completion of this offering or, if developed, may not be sustained. We determined the initial public offering price for our common stock through negotiations with the underwriters, and the negotiated price may not be indicative of the market price of our common stock after this offering. The market value of our common stock may decrease from the initial public offering price. As a result of these and other factors, you may be unable to resell your shares of our common stock at or above the initial public offering price. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies by using our shares as consideration.

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

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

Principal stockholders have substantial control over us and will be able to influence corporate matters.

Prior to this offering, based on the number of shares outstanding as of March 31, 2021, our directors, executive officers and stockholders holding more than 5% of our outstanding capital stock, together with their respective affiliates, beneficially owned, in the aggregate, approximately 84.4% of our outstanding capital stock, and upon the closing of this offering, that same group will beneficially own % of our outstanding capital stock (based on the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and assuming no exercise of the underwriters’ option to purchase additional shares), without giving effect to any purchases that certain of these holders may make

through our directed share program. As a result, even after this offering, these stockholders will be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or its assets. For example, these stockholders may be able to control elections of directors, amendments of our organizational documents or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders. The interests of this group of stockholders may not always coincide with your interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their common stock, and might affect the prevailing market price for our common stock.

Future sales of our common stock in the public market 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. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold based upon the price of this offering, and therefore they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our common stock.

All of our directors and officers, the selling stockholders and the holders of substantially all of our capital stock and securities convertible into our capital stock are subject to lock-up agreements that restrict their ability to transfer shares of our capital stock for 180 days from the date of this prospectus, subject to certain exceptions. may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements, subject to applicable notice requirements. If not earlier released, all of the shares of common stock sold in this offering will become eligible for sale upon expiration of the 180-day lock-up period, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

In addition, there were 9,019,021 shares of common stock issuable upon the exercise of outstanding stock options as of December 31, 2020. We intend to register all of the shares of common stock issuable upon exercise of outstanding stock options, restricted stock units or other equity incentives we may grant in the future, for public resale under the Securities Act. The shares of common stock will become eligible for sale in the public market to the extent such options are exercised, subject to the lock-up agreements described above and compliance with applicable securities laws.

Further, based on shares outstanding as of December 31, 2020, holders of approximately 36,069,601 shares, or % of our capital stock after the completion of this offering (after giving effect to sales by selling stockholders in this offering, assuming no exercise of the underwriters' option to purchase additional shares from the selling stockholders, and without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock"), will have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other stockholders.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors and consultants under our equity incentive plans. We

may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline.

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

The market price and trading volume of our common stock following the completion of this offering will be heavily influenced by the way analysts interpret our financial information and other disclosures. We do not have control over these analysts. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, our stock price would be negatively affected. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock, or publish negative reports about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our common stock.

You will experience immediate and substantial dilution in the net tangible book value of the shares of common stock you purchase in this offering.

The initial public offering price of our common stock is substantially higher than the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering. If you purchase shares of our common stock in this offering, you will suffer immediate dilution of $ per share, representing the difference between our pro forma as adjusted net tangible book value per share after giving effect to the sale of common stock in this offering and the initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus. See the section titled “Dilution.”

We are an “emerging growth company,” and we cannot be certain if the reduced reporting and 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. For as long as we continue to be an emerging growth company, we intend to take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- not being required to comply 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;
- reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements; and
- exemptions from the requirements of holding nonbinding advisory stockholder votes on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We intend to take advantage of the

extended transition period for adopting new or revised accounting standards under the JOBS Act as an emerging growth company. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our common stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards.

We will remain an emerging growth company until the earliest of: (1) the last day of the fiscal year following the fifth anniversary of this offering; (2) the last day of the first fiscal year in which our annual gross revenue is $1.07 billion or more; (3) the date on which we have, during the previous rolling three-year period, issued more than $1.0 billion in non-convertible debt securities; and (4) the last day of the fiscal year in which the market value of our common stock held by non-affiliates exceeded $700 million as of June 30 of such fiscal year.

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

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we will incur significant finance, legal, accounting and other expenses, including director and officer liability insurance, that we did not incur as a private company, which we expect to further increase after we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Stock Market LLC, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs.

Pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, we will be required to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the fiscal year ending December 31, 2022. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting in our first annual report required to be filed with the Securities and Exchange Commission, or SEC, following the date we are no longer an emerging growth company. To prepare for eventual compliance with Section 404, we will be engaged in a costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, but we may not be able to complete our evaluation, testing and any required remediation in a timely fashion once initiated. Our compliance with Section 404 will require that we incur substantial expenses and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our revenue, cost of revenue, operating expenses, gross margin, net income (loss), adjusted EBITDA and other operating results;
- our ability to effectively manage our growth;
- our ability to acquire new consumers and successfully retain existing consumers;
- anticipated trends, growth rates, and challenges in our business and in the markets in which we operate;
- our ability to achieve or sustain our profitability;
- future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements;
- the costs and success of our marketing efforts, and our ability to grow brand awareness and maintain, protect and enhance our brand;
- our ability to effectively manage our inventory;
- our ability to gauge consumer trends and changing consumer preferences;
- our reliance on key personnel and our ability to identify, recruit and retain skilled personnel;
- our ability to obtain, maintain, protect and enforce our intellectual property rights and any costs associated therewith;
- the effect of COVID-19 or other public health crises on our business and the global economy;
- our ability to compete effectively with existing competitors and new market entrants;
- our ability successfully enter new markets and expand internationally;
- our ability to identify and complete acquisitions that complement and expand our reach and platform;
- seasonality;
- the financial condition of, and our relationships with, our suppliers, manufacturers, distributors and retailers;
- the ability of our suppliers and manufacturers to comply with safety, environmental or other laws or regulations;
- our ability to comply or remain in compliance with laws and regulations that currently apply or become applicable to our business in the United States, including FDA governmental regulation and state regulation; and other jurisdictions where we elect to do business;
- economic conditions and their impact on consumer spending;
- outcome of legal or administrative proceedings; and
- the growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results.

The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that contain "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this prospectus. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

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

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. While we believe the industry and market data included in this prospectus are reliable and are based on reasonable assumptions, these data involve many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the sections titled “Risk Factors” and “Special Note Regarding Forward-Looking Statements.” Among other items, certain of the market research included in this prospectus was published prior to the outbreak of the COVID-19 pandemic and did not anticipate the virus or the impact it has caused on our industry. We have utilized this pre-pandemic market research in the absence of updated sources. These and other factors could cause results to differ materially from those expressed in the projections and estimates made by the independent third parties and us.

USE OF PROCEEDS

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

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering 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, and after deducting 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 net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price of $ per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock and facilitate our future access to the capital markets. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds we receive from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes. These purposes include operating expenses, working capital and capital expenditures for future growth, including marketing and direct-to-consumer advertising investments, innovation and adjacent product category expansion, international growth investment and organizational capabilities investments. We may also use a portion of the net proceeds we receive from this offering to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time. We also plan to pay approximately $ million in a cash dividend to holders of record of our common stock and our redeemable convertible preferred stock as of , 2021, which is contingent upon, and payable immediately prior to, the closing of this offering. Investors in this offering will not be eligible to receive this dividend.

We will have broad discretion over how to use the net proceeds we receive from this offering. We intend to invest the net proceeds we receive from this offering that are not used as described above in investment-grade, interest-bearing instruments.

DIVIDEND POLICY

In , 2021, our board of directors declared a cash dividend of $ million that is contingent upon, and payable immediately prior to, the closing of this offering to the holders of record of our common stock and our redeemable convertible preferred stock as of , 2021, or the 2021 Dividend. Investors in this offering will not be eligible to receive this dividend. Other than the 2021 Dividend, we have not declared or paid cash dividends on our capital stock, and we do not anticipate declaring or paying any cash dividends other than the 2021 Dividend in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions (including any restrictions in our then-existing debt arrangements), capital requirements, business prospects and other factors our board of directors may deem relevant. In addition, the 2021 Credit Facility contains restrictions on our ability to pay dividends.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2020:

- on an actual basis;
- on a pro forma basis, giving effect to (1) the automatic conversion of 24,550,464 outstanding shares as of December 31, 2020 of redeemable convertible preferred stock into an equivalent number of shares of common stock, without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock" and the related reclassification of the carrying value of our redeemable convertible preferred stock to stockholders' (deficit) equity, (2) the filing and effectiveness of our amended and restated certificate of incorporation, each of which will occur immediately prior to the completion of this offering, (3) the cash payment of $9.5 million in bonuses that we expect to pay to certain employees, including members of management, relating to preparation for this offering that are triggered upon the closing of this offering, as well as $0.2 million in related payroll taxes and expenses, with a corresponding increase to accumulated deficit, (4) stock-based compensation expense of $3.1 million that will be recognized upon the effectiveness of the registration statement of which this prospectus forms a part related to certain performance and market-based stock options that is recorded as an increase to additional paid-in-capital and accumulated deficit and (5) the cash payment of the 2021 Dividend; and
- on a pro forma as adjusted basis, giving effect to (1) the pro forma adjustments described above and (2) our receipt of $ million in estimated net proceeds from the sale of shares of common stock that we are 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 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.

	December 31, 2020		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands except share and per share amounts)		
Cash and cash equivalents	$ 29,259	$	$
Redeemable convertible preferred stock, $0.0001 par value, 24,596,124 shares authorized, 24,550,464 shares issued and outstanding, actual; and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	376,404	—	—
Stockholders' (deficit) equity:			
Preferred stock, $0.0001 par value, no shares authorized, issued, and outstanding, actual; and shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, $0.0001 par value, 55,000,000 authorized, 17,044,593 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; and shares authorized, shares issued and outstanding, pro forma as adjusted	2		
Additional paid-in capital	116,056		
Accumulated deficit	(352,977)		
Accumulated other comprehensive income	94		
Total stockholders' (deficit) equity	$ (236,825)	$	$
Total capitalization	$ 139,579	$	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' (deficit) equity 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, and after deducting 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 our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' (deficit) equity and total capitalization by approximately $ million, assuming the assumed initial public offering price of $ per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The number of shares of common stock that will be outstanding after this offering on a pro forma and pro forma as adjusted basis is based on 41,595,057 shares of common stock outstanding as of December 31, 2020, and excludes:

- 9,019,021 shares of common stock issuable on the exercise of stock options outstanding as of December 31, 2020 under our 2011 Plan, with a weighted-average exercise price of $10.46 per share;
- 100,000 shares of our common stock issuable upon the settlement of outstanding restricted stock units granted subsequent to December 31, 2020 through 2021;
- shares of common stock reserved for future issuance under our 2021 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, plus any future increases in the number of shares of common stock reserved for issuance thereunder and any shares underlying outstanding stock awards granted under our 2011 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans"; and
- shares of common stock reserved for issuance under our ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, plus any future increases in the number of shares of common stock reserved for issuance thereunder, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans."

DILUTION

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

As of December 31, 2020, our historical net tangible book value (deficit) was $(240.1) million, or $(14.09) per share of our common stock, based on 17,044,593 shares of common stock issued and outstanding as of such date. Our historical net tangible book value (deficit) per share represents total tangible assets, less total liabilities and redeemable convertible preferred stock, divided by the aggregate number of shares of common stock outstanding as of December 31, 2020.

Our pro forma net tangible book value as of December 31, 2020 was $ million, or $ per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of our shares of common stock outstanding as of December 31, 2020, after giving effect to (1) the automatic conversion of 24,550,464 shares of redeemable convertible preferred stock outstanding as of December 31, 2020 into an equivalent number of shares of common stock, without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock" and the related reclassification of the carrying value of our redeemable convertible preferred stock to stockholders' (deficit) equity immediately prior to the completion of this offering, (2) the cash payment of $9.5 million in bonuses that we expect to pay to certain employees, including members of management, relating to preparation for this offering that are triggered upon the closing of this offering, as well as $0.2 million in related payroll taxes and expenses and (3) the cash payment of the 2021 Dividend.

After giving effect to 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 estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2020 would have been $ million, or $ per share. This amount represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value of $ per share to new investors purchasing common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by investors purchasing common stock in this offering. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of December 31, 2020	$ (14.09)	
Pro forma increase in net tangible book value per share attributable to the pro forma adjustments described above		
Pro forma net tangible book value per share as of December 31, 2020		
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering		
Pro forma as adjusted net tangible book value per share after giving effect to this offering		
Dilution per share to new investors purchasing shares in this offering		$

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value

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

If the underwriters exercise their option to purchase additional shares of common stock from us in full, our pro forma as adjusted net tangible book value as of December 31, 2020 would be $ per share, and the immediate dilution in pro forma net tangible book value per share to new investors in this offering would be $ per share.

The following table summarizes, as of December 31, 2020, on a pro forma as adjusted basis as described above, the number of shares of our common stock, the total consideration and the average price per share (1) paid to us by existing stockholders and (2) to be paid by new investors acquiring our common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Totals		100.0%	$	100.0%	

Sales by the selling stockholders identified in this prospectus will cause the number of shares held by existing stockholders to be reduced to shares, or % of the total number of shares of our capital stock outstanding following the completion of this offering, and will increase the number of shares held by new investors to shares, or % of the total number of shares of our capital stock outstanding following the completion of this offering.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors and total consideration paid by all stockholders 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 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 total consideration paid by new investors and total consideration paid by all stockholders by $ million, assuming the assumed initial public offering price of $ per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The number of shares of common stock that will be outstanding after this offering is based on 41,595,057 shares of common stock outstanding as of December 31, 2020, and excludes:

- 9,019,021 shares of common stock issuable on the exercise of stock options outstanding as of December 31, 2020 under our 2011 Plan, with a weighted-average exercise price of $10.46 per share;

- 100,000 shares of our common stock issuable upon the settlement of outstanding restricted stock units granted subsequent to December 31, 2020 through 2021;
- shares of common stock reserved for future issuance under our 2021 Plan, which will become effective once the registration statement of which this prospectus forms a part is declared effective, plus any future increases in the number of shares of common stock reserved for issuance thereunder and any shares underlying outstanding stock awards granted under our 2011 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans"; and
- shares of common stock reserved for issuance under our ESPP, which will become effective once the registration statement of which this prospectus forms a part is declared effective, plus any future increases in the number of shares of common stock reserved for issuance thereunder, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans."

To the extent that any outstanding options are exercised or new options are issued under our stock-based compensation plans, or that we issue additional shares of capital stock in the future, there will be further dilution to investors participating in this offering. If all outstanding options under our 2011 Plan as of December 31, 2020 were exercised then our existing stockholders, including the holders of these options, would own %, and our new investors would own %, of the total number of shares of our capital stock outstanding following the completion of this offering.

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

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled "Prospectus Summary—Summary Consolidated Financial Data" and our consolidated financial statements and the related notes 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. Our actual results may differ materially from management's expectations as a result of various factors, including but not limited to those discussed in the sections entitled "Risk Factors" and "Special Note Regarding Forward Looking Statements."

Overview

The Honest Company is a digitally-native, mission-driven brand focused on leading the clean lifestyle movement, creating a community for conscious consumers and seeking to disrupt multiple consumer product categories. Our commitment to our core values, passionate innovation and engaging our community has differentiated and elevated our brand and our products. Since our launch in 2012, we have been dedicated to developing clean, sustainable, effective and thoughtfully designed products. By doing so with transparency, we have cultivated deep trust around what matters most to our consumers: their health, their families and their homes. We are an omnichannel brand, ensuring our products are available however our consumers shop. Our differentiated platform positions us for continued growth through our trusted brand, award-winning multi-category product offering, deep digital-first connection with consumers and omnichannel accessibility.

Our integrated multi-category product architecture is intentionally designed to serve our consumers every day, at every age and through every life stage, no matter where they are on their journey. Today, our three categories are Diapers and Wipes, Skin and Personal Care and Household and Wellness, which represented 63%, 26% and 11% of our 2020 revenue, respectively. At the center of our product ecosystem are our diapers, which are a strategic consumer acquisition tool that acts as an entry point for our portfolio, as new parents often go on to purchase products from our other categories for their everyday family needs. According to a third-party study that we commissioned in 2020, nearly 90% of our diaper buyers surveyed expanded their purchases beyond diapers and nearly half have purchased two or more of our non-diaper products. Our integrated multi-category product architecture is designed to drive loyalty, increase our consumer wallet share and generate attractive consumer lifetime value.

We believe that our consumers are modern, aspirational, conscious and style-forward and that they seek out high quality, effective and thoughtfully designed products. We believe that they are passionate about living a conscious life and are enthusiastic ambassadors for brands they trust. As purpose-driven consumers, they transcend any one demographic, spanning gender, age, geography, ethnicity and household income. Honest consumers are often young, mobile-centric and digitally inclined. We build relationships with these consumers through a disruptive digital marketing strategy that engages them with "snackable" digital content (short-form, easily digestible content), immerses them in our brand values, and inspires them to join the Honest community. Our direct connection with our community enables us to understand what consumers' needs are and inspires our product innovation pipeline, generating a significant competitive advantage over more traditional consumer packaged goods, or CPG, peers.

Our omnichannel approach seeks to meet consumers however they want to shop, balancing deep consumer connection with broad convenience and accessibility. Since our launch, we have built a well-integrated omnichannel presence by expanding our retail accessibility across both Digital and Retail channels, including the launch of strategic partnerships with Costco, Target and Amazon in 2013, 2014 and 2017, respectively. In 2020, we generated 55% and 45% of our revenue from our Digital and Retail channels, respectively. We maintain direct relationships with our consumers via our flagship digital platform, Honest.com, which allows us to

influence brand experience and better understand consumer preferences and behavior. We increase accessibility of our products to more consumers through both the third-party pureplay ecommerce sites that, with Honest.com, comprise the rest of our Digital channel, and our Retail channel, which includes leading retailers and their websites. Our products can be found in approximately 32,000 retail locations across the United States, Canada and Europe. This distinctive business model has allowed us to efficiently scale our business while remaining agnostic as to the channel where consumers purchase our products. Our integrated omnichannel presence provides meaningful benefits to our consumer which we believe is not easily replicated by our competitors.

While we have stayed true to our purpose and mission since founding, our business has transformed significantly over the last nine years. We launched in 2012 as a direct-to-consumer, or DTC, company with a limited product assortment across our three product categories. Over the next few years, we expanded our product offering substantially and launched retail partnerships. This rapid expansion resulted in a number of challenges with product, supply chain and marketing.

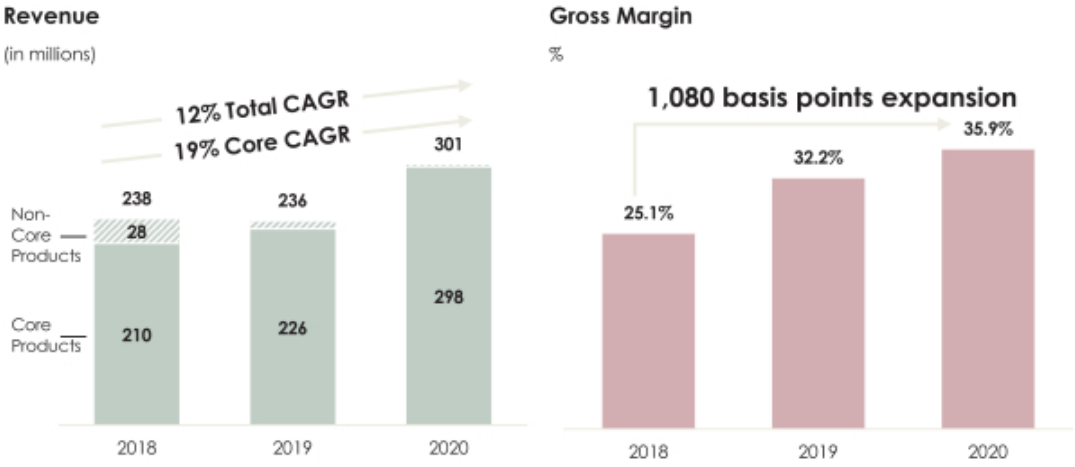
These challenges led us to reorient our strategy, reset our foundation and evolve from a technology startup to a modern CPG organization with an omnichannel presence. In 2017, we hired a team of experienced CPG professionals who shared our values, led by our Chief Executive Officer, Nick Vlahos. We adopted a strategy, which we refer to as the Innovation Strategy, to reposition the company for long-term success and capitalize on the inherent value of the Honest clean lifestyle brand. In the first two years of implementing the Innovation Strategy, we underwent a period of transition during which we executed on the following targeted growth and margin enhancing initiatives:

- *Portfolio simplification.* We focused on portfolio simplification, discontinuing or de-emphasizing certain products that did not align with our revamped product strategy, which we refer to as Non-Core Products. We narrowed our focus while investing in sought-after, higher-margin products where we have differentiated positioning, such as skin care products. As we increased focus on these products, we achieved a more diversified revenue mix with an increasing share coming from our Skin and Personal Care category.
- *Product innovation.* We made significant investments in our product development capabilities by expanding our research and development team and building out our in-house laboratories in Los Angeles, California, where we develop innovative clean products based on the latest green technology. With a renewed focus on innovation, we optimized our product assortment, including reformulating or updating over 90% of our products.
- *Acceleration of omnichannel*. We accelerated our shift from DTC to omnichannel by entering into partnerships with several additional retailers and launching our brand on Amazon. Today, our business is more evenly balanced between our Digital and Retail channels, with Digital representing 55% of revenue in 2020.

As we have executed against our Innovation Strategy, we have been successful in reinvigorating growth, improving product mix, significantly enhancing our gross margin profile and turning profitable on an adjusted EBITDA basis. We have achieved the following financial results:

- From 2018 to 2020, we grew revenue by a 12% compound annual growth rate, or CAGR, from $237.9 million to $300.5 million, with only a slight decline in 2019 as we offset declines from Non-Core Products;
- We achieved 27.6% year-over-year revenue growth in 2020, recording year-over-year revenue growth rates of 16.4%, 35.5%, and 116.5% in our Diapers and Wipes, Skin and Personal Care and Household and Wellness categories, respectively;
- We also increased gross margin by 1,080 basis points from 25.1% in 2018 to 35.9% in 2020, by driving growth in higher-margin products and channels, leveraging our strategic relationships with retailers, gaining leverage on fixed costs in fulfillment, as well as executing on accretive product innovation; and
- In 2020, we reported a net loss of $14.5 million and adjusted EBITDA of $11.2 million, or 4% of revenue.

Adjusted EBITDA is a measure that is not calculated in accordance with generally accepted accounting principles in the United States, or GAAP. See the section titled "—Non-GAAP Financial Measure—Adjusted EBITDA" below for the definition of adjusted EBITDA, as well as a reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP financial measure.



Key Factors Affecting Our Performance

We believe that the growth of our business and our future success are dependent on many factors. While each of these factors presents significant opportunities for us, they also pose important challenges that we must successfully address to enable us to sustain the growth of our business and improve our operations while staying true to our mission, including those discussed below and in the section of this prospectus titled "Risk Factors."

Ability to Grow Our Brand Awareness

Our brand is integral to the growth of our business and is essential to our ability to engage and stay connected with the growing clean lifestyle consumer. Honest is still unknown to many consumers, with unaided brand awareness of 25% among diaper buyers according to our consumer research as of January 2021. In order to increase the wallet share of existing conscious consumers and attract new ones, our brand has to maintain its trustworthiness and authenticity. Our ability to attract new consumers will depend, among other things, on our ability to successfully communicate the value of our products as clean, sustainable and effective, the efficacy of our marketing efforts and the offerings of our competitors. Beyond preserving the integrity of our brand, our performance will depend on our ability to augment our reach and increase the number of consumers aware of Honest and our product portfolio. We believe our brand strength will enable us to continue to expand across categories and channels, allowing us to deepen relationships with consumers and expand our access to global markets. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the product categories in which we operate.

Continued Innovation

Research, development and innovation are core elements underpinning our growth strategy. Through our in-house research and development laboratories, we are able to access the latest advancements in clean ingredients and continue to innovate in the clean conscious lifestyle space. Based in Los Angeles, California, our research and development team, including chemists and an in-house toxicologist, develops innovative clean products based on the latest green technology. At Honest, product innovation never stops. The improvement of existing products and the introduction of new products have been, and continue to be, integral to our growth. We have made significant investments in our product development capabilities and plan to do so in the future. We believe our rigorous approach to product innovation has helped redefine and grow the clean and natural segments of the categories in which we operate. Our continued focus on research and development will be central to attracting and retaining consumers in the future. Our ability to successfully develop, market and sell new products will depend on a variety of factors, including our continued investment in innovation, integrated business planning processes and capabilities.

Continued Product Category Growth

Our product mix is a driver of our financial performance given our focus on accretive product launches and renovation to increase product margins. Even though our growth strategy aims to boost sales across all categories, we intend to prioritize growth in Skin and Personal Care given its attractive margin characteristics and leverage our brand equity and consumer insights to extend into new adjacent product categories. Since we launched our Innovation Strategy, we have enhanced our product portfolio by strategically discontinuing certain products and making calculated extensions within our three product categories. These product changes have contributed to our revenue and margin growth. We intend to continue to prioritize our innovation in higher-margin products, particularly in Skin and Personal Care.

Continued Execution of Omnichannel Strategy

The continued execution of our omnichannel strategy impacts our financial performance. We intend to continue leveraging our marketing strategy to drive increased consumer traffic to our flagship digital platform, Honest.com, as it is a valuable tool for creating direct connections with our consumers, influencing brand experience and understanding consumer preference and behavior. Our partnerships with leading third-party retail platforms and national retailers have broadened our consumer reach, raised our brand awareness and enhanced our margins given lower costs to serve these platforms. We will continue to pursue partnerships with a wide variety of retailers, including online retailers, big-box retailers, grocery stores/drugstores and specialty retailers. Our ability to execute this strategy will depend on a number of factors, such as retailers' satisfaction with the sales and profitability of our products.

Operational and Marketing Efficiency

To grow our business, we intend to continue to improve our operational efficiency, which includes attracting new consumers, increasing community engagement and improving fulfillment and distribution operations. We invest significant resources in marketing and content generation, use a variety of brand and performance marketing channels and work continuously to improve brand exposure at our retail partners to acquire new consumers. It is important to maintain reasonable costs for these marketing efforts relative to the revenue we expect to derive from our consumers. We leverage our proprietary Honest Omni-Analytics to generate valuable consumer insights that guide our omnichannel strategy and inform our marketing spend optimization. Our future success depends in part on our ability to effectively attract consumers on a cost-efficient basis and extract efficiencies in our operations.

Overall Macro Trends

We have strategically positioned ourselves to benefit from several macro trends related to changes in consumer behavior. We believe consumers' increasing care for a conscious lifestyle has contributed to significant demand for our products. Further, the rise in digital shopping has complemented our flagship digital platform, Honest.com, our presence with third-party ecommerce players and our Retail partners' websites. Changes in macro-level consumer spending trends, including as a result of the COVID-19 pandemic, could result in fluctuations in our operating results.

Impact of COVID-19

The COVID-19 pandemic has caused general business disruption worldwide beginning in January 2020. The full extent to which the COVID-19 pandemic will directly or indirectly impact our cash flow, business, financial condition, results of operations and prospects will depend on future developments that are uncertain.

As a result of the COVID-19 pandemic, we temporarily closed our headquarters, supported our employees and contractors to work remotely, and implemented travel restrictions. These actions represented a significant change in how we operated our business, but we believe that we successfully navigated this transition. In an effort to provide a safe work environment for our employees, we have implemented various social distancing measures, including replacing in-person meetings with virtual interactions. We will continue to take actions as

may be required or recommended by government authorities or as we determine are in the best interests of our employees and other business partners in light of the pandemic.

We have experienced relatively minor impacts on our inventory availability and delivery capacity since the outbreak, none of which has materially impacted our ability to service our consumers and retail and third-party ecommerce customers. We have taken measures to bolster key aspects of our supply chain, such as securing secondary suppliers and ensuring sufficient inventory to support our continued growth in the face of the pandemic. We continue to work with our existing manufacturing, logistics and other supply chain partners to ensure our ability to service our consumers and retail and third-party ecommerce customers.

We believe COVID-19 has been one of the drivers of demand in our Digital channel as consumers have shifted to online shopping amid the pandemic. Additionally, our Household and Wellness product category has benefitted from increasing demand for sanitization products. We accelerated our development timeline for certain product launches, launching our disinfecting spray and alcohol wipes in 2020. There is no assurance that we will continue to experience such increases in demand. We may see a decline in use of online shopping and demand for sanitization products when the COVID-19 pandemic subsides.

The operations of our retail partners, manufacturers and suppliers have also been impacted by the COVID-19 pandemic. While the duration and extent of the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, it has already had an adverse effect on the global economy and the ultimate societal and economic impact of the COVID-19 pandemic remains unknown. In particular, the conditions caused by this pandemic may negatively impact collections of accounts receivable and reduce expected spending from new consumers, all of which could adversely affect our business, financial condition, results of operations and prospects during fiscal 2021 and potentially future periods.

Components of Results of Operations

Revenue

We generate revenue through the sale of our products through Digital and Retail channels in the following product categories: Diapers and Wipes, Skin and Personal Care and Household and Wellness. The Digital channel includes direct sales to the consumer through our website and sales to third-party ecommerce customers, who resell our products through their own online platforms. The Retail channel includes sales to traditional brick and mortar retailers, who may also resell our products through their own online platforms. Our revenue is recognized net of allowances for returns, discounts, credits and any taxes collected from consumers.

Cost of Revenue

Cost of revenue includes the purchase price of merchandise sold to customers, inbound and outbound shipping and handling costs, freight and duties, shipping and packaging supplies, credit card processing fees and warehouse fulfillment costs incurred in operating and staffing warehouses, including rent. Cost of revenue also includes depreciation and amortization, allocated overhead and direct and indirect labor for warehouse personnel.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin may in the future fluctuate from period to period based on a number of factors, including the mix of products we sell, the channel through which we sell our products, the innovation initiatives we undertake in each product category, the promotional environment in the marketplace, manufacturing costs, commodity prices and transportation rates, among other factors.

Operating Expenses

Our operating expenses consist of selling, general and administrative, marketing and research and development expenses.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of personnel costs, principally for our selling and administrative functions. These include personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation expense. Selling, general and administrative expenses also include technology expenses, professional fees, facility costs, including insurance, utilities and rent relating to our headquarters, depreciation and amortization and overhead costs. We expect our general and administrative expenses to increase in absolute dollars as we continue to grow our business and organizational capabilities. We also anticipate that we will incur additional costs for employees and third-party professional fees related to preparation to become and operate as a public company. Following the completion of this offering, we also expect to incur additional expenses as a result of operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations, and increased expenses for insurance, investor relations and professional services.

Marketing

Marketing expenses include costs related to our branding initiatives, retail customer marketing activities, point of purchase displays, targeted online advertising through sponsored search, display advertising, email marketing campaigns, market research, content production and other public relations and promotional initiatives. We expect marketing expenses to continue to increase in absolute dollars as we continue to expand brand awareness, introduce new product innovation across multiple product categories and implement new marketing strategies.

Research and Development

Research and development expenses consist primarily of personnel-related expenses for our research and development personnel. Research and development expenses also include costs incurred for the development of new products, improvement in the quality of existing products and the development and implementation of new technologies to enhance the quality and value of products. Research and development expenses also include allocated depreciation and amortization and overhead costs. We expect research and development expenses to increase in absolute dollars as we invest in the enhancement of our product offerings through innovation and the introduction of new adjacent product categories.

IPO-Related Expenses

As discussed in Notes 12 and 17 to our consolidated financial statements included elsewhere, upon the effectiveness of the registration statement of which this prospectus forms a part, we expect to recognize stock-based compensation expense in selling, general and administrative and research and development expenses of $3.1 million related to certain performance and market-based stock options and $0.2 million related to certain restricted stock units. In 2020, we paid bonuses totaling $9.5 million to certain employees, including members of management, relating to preparation for this offering, and after the closing of this offering, we expect to pay another $9.5 million in bonuses to certain employees, including members of management, that are triggered upon the closing of this offering, which we collectively refer to as the IPO Bonuses, excluding in each case payroll taxes and expenses. In 2020, we recognized $9.3 million in selling, general and administrative expenses and $0.4 million in research and development expenses relating to the IPO Bonuses, and upon the closing of this offering, we expect to recognize another $9.3 million in selling, general and administrative expenses and $0.4 million in research and development expenses relating to the IPO Bonuses, which includes in each case related payroll taxes and expenses.

Interest and Other Income (Expense), Net

Interest income consists primarily of interest income earned on our short-term investments and our cash and cash equivalents balances. Interest expense consists primarily of interest expense associated with our leasing arrangements.

Other income (expense), net consists primarily of our foreign currency exchange gains and losses relating to transactions denominated in currencies other than the U.S. dollar. We expect our foreign currency gains and losses to continue to fluctuate in the future due to changes in both the volume of foreign currency transactions and foreign currency exchange rates.

Income Tax Provision

Our income tax provision consists primarily of U.S. federal and state income taxes. We maintain a full valuation allowance for our federal and state deferred tax assets, including net operating loss carryforwards, as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Results of Operations

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

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Revenue	$235,587	$300,522
Cost of revenue	159,733	192,626
Gross profit	75,854	107,896
Operating expenses		
Selling, general and administrative (1)	70,310	71,253
Marketing	31,864	44,478
Research and development (1)	5,137	5,705
Total operating expenses	107,311	121,436
Operating loss	(31,457)	(13,540)
Interest and other income (expense), net	429	(837)
Loss before provision for income taxes	(31,028)	(14,377)
Income tax provision	55	89
Net loss	$ (31,083)	$ (14,466)

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

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Selling, general and administrative	$ 8,052	$ 7,558
Research and development	328	347
Total	$ 8,380	7,905

The following table sets forth our consolidated statements of operations data expressed as a percentage of revenue*:

	Year Ended December 31,	
	2019	2020
	(as a percentage of revenue)	
Revenue	100.0%	100.0%
Cost of revenue	67.8	64.1
Gross profit	32.2	35.9
Operating expenses		
Selling, general and administrative	29.8	23.7
Marketing	13.5	14.8
Research and development	2.2	1.9
Total operating expenses	45.6	40.4
Operating loss	(13.4)	(4.5)
Interest and other income (expense), net	0.2	(0.3)
Loss before provision for income taxes	(13.2)	(4.8)
Income tax provision	—	—
Net loss	(13.2)%	(4.8)%

* Amounts may not sum due to rounding.

Comparison of the Years Ended December 31, 2019 and December 31, 2020

Revenue

	Year Ended December 31,		$ change	% change
	2019	2020		
	(in thousands)			
By Product Category				
Diapers and Wipes	161,855	188,452	26,597	16.4
Skin and Personal Care	58,706	79,542	20,836	35.5
Household and Wellness	15,026	32,528	17,502	116.5
Total Revenue	$ 235,587	$ 300,522	$64,935	27.6%

	Year Ended December 31,		$ change	% change
	2019	2020		
	(in thousands)			
By Channel				
Digital	128,716	166,733	38,017	29.5
Retail	106,871	133,789	26,918	25.2
Total Revenue	$ 235,587	$ 300,522	$64,935	27.6%

Revenue increased by $64.9 million, or 27.6%, for 2020 as compared to 2019, primarily due to a $26.6 million increase in revenue from Diapers and Wipes, a $20.8 million increase in revenue from Skin and Personal Care products and a $17.5 million increase in revenue from Household and Wellness products. The revenue increase from Diapers and Wipes and Skin and Personal Care was principally driven by increased sales volume on our products and in particular through our Digital channel, in part as a result of our digital marketing strategy. The revenue increase from Household and Wellness was primarily driven by sales from the sanitization and disinfecting products that we introduced in 2020, in particular through the Retail channel.

Cost of Revenue and Gross Profit

	Year Ended December 31, 2019	2020	$ change	% change
	(in thousands)			
Cost of revenue	$ 159,733	$ 192,626	$32,893	20.6%
Gross profit	$ 75,854	$ 107,896	$32,042	42.2%

Cost of revenue increased by $32.9 million, or 20.6%, for 2020 as compared to 2019, primarily due to increased product, fulfillment and shipping expenses associated with the increased sales of our products. Cost of revenue as a percentage of revenue decreased by 370 basis points primarily due to better leverage of our fixed costs in fulfillment, cost savings initiatives across our business and improved mix of higher margin products.

Gross profit increased by $32.0 million, or 42.2%, for 2020 as compared to 2019, primarily due to the increased sales of our products and the reduction in cost of revenue as a percentage of revenue. Gross profit also benefited from lower promotional discounting in 2020, in particular in the Household and Wellness category.

Operating Expenses

Selling, General and Administrative Expenses

	Year Ended December 31, 2019	2020	$ change	% change
	(in thousands)			
Selling, general and administrative	$ 70,310	$ 71,253	$ 943	1.3%

Selling, general and administrative expenses increased by 1.3% for 2020 as compared to 2019, primarily due to an increase of $9.0 million in personnel related expenses, which was largely offset by a $4.7 million reduction in professional fees and a $2.8 million reduction in depreciation and amortization. The increase in personnel-related expenses was primarily driven by the IPO Bonuses paid in 2020. Professional fees were lower in 2020 due to the completion of our implementation projects associated with our ecommerce platform and enterprise resource planning platform upgrades. Depreciation and amortization expense was lower in 2020 due to accelerated depreciation that occurred in 2019 related to capitalized software costs.

Marketing Expenses

	Year Ended December 31, 2019	2020	$ change	% change
	(in thousands)			
Marketing	$ 31,864	$ 44,478	$12,614	39.6%

Marketing expenses increased by 39.6% for 2020 as compared to 2019, primarily due to an increase of $12.2 million in advertising expenses. The increase in advertising expense was driven by greater investment in digital advertising and marketing programs with our retail and third-party ecommerce partners.

Research and Development Expenses

	Year Ended December 31, 2019	2020	$ change	% change
	(in thousands)			
Research and development	$ 5,137	$ 5,705	$ 568	11.1%

Research and development expenses increased by 11.1% for 2020 as compared to 2019, primarily due to a $0.8 million increase in personnel expenses, including relating to the IPO Bonuses paid in 2020 to certain research and development employees of $0.4 million, partially offset by a $0.3 million reduction in certain product development expenses, including clinical and claims testing and other external innovation costs.

Interest and Other Income (Expense), Net

	Year Ended December 31,		$ change	% change
	2019	2020		
	(in thousands)			
Interest and other income (expense), net	$ 429	$ (837)	$(1,266)	(295.1)%

Interest and other income (expense), net decreased by 295.1% for 2020 as compared to 2019, primarily due to a decrease in interest income on our short-term investments due to a lower average investment balance and lower average interest rates.

Non-GAAP Financial Measure

We prepare and present our consolidated financial statements in accordance with GAAP. However, management believes that adjusted EBITDA, a non-GAAP financial measure, provides investors with additional useful information in evaluating our performance.

We calculate adjusted EBITDA as net loss, adjusted to exclude: (1) interest and other income, net; (2) income tax provision; (3) depreciation and amortization; (4) stock-based compensation expense; (5) professional fees and expenses and executive termination expenses related to our Innovation Strategy; (6) litigation and settlement fees associated with certain non-ordinary course litigation; and (7) the IPO Bonuses, including associated payroll taxes and expenses, and third-party costs associated with the preparation of this offering.

Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with GAAP. We believe that adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of adjusted EBITDA is helpful to our investors as it is a measure used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of adjusted EBITDA include that (1) it does not reflect capital commitments to be paid in the future, (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and adjusted EBITDA does not reflect these capital expenditures, (3) it does not consider the impact of stock-based compensation expense, (4) it does not reflect other non-operating expenses, including interest expense, (5) it does not include the IPO Bonuses, including associated payroll taxes and expenses, or third-party costs associated with the preparation of this offering, (6) it does not reflect tax payments that may represent a reduction in cash available to us and (7) does not include certain non-ordinary cash expenses that we do not believe are representative of our business on a steady-state basis. In addition, our use of adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider adjusted EBITDA alongside other financial measures, including our net loss and other results stated in accordance with GAAP.

The following table presents a reconciliation of net loss, the most directly comparable financial measure stated in accordance with GAAP, to adjusted EBITDA, for each of the periods presented.

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Reconciliation of Net Loss to Adjusted EBITDA		
Net loss	$ (31,083)	$ (14,466)
Interest and other (income) expense, net	(429)	837
Income tax provision	55	89
Depreciation and amortization	7,672	4,854
Stock-based compensation	8,380	7,905
Innovation Strategy expenses(1)	4,573	1,511
Non-ordinary course litigation expenses(2)	1,136	—
Related offering costs and other transaction-related expenses(3)	—	10,459
Total Adjusted EBITDA	$ (9,696)	$ 11,189

(1) Includes professional fees and expenses and executive severance and termination expenses related to our Innovation Strategy.

(2) Includes litigation and settlement fees associated with certain non-ordinary course litigation, including a matter involving the alleged breach of confidentiality and non-use obligations by a former employee and a matter involving the termination by us of a multi-year international distribution agreement for material breach and non-performance, and related counterclaims.

(3) Includes $9.7 million related to the IPO Bonuses paid in 2020, which includes associated payroll taxes and expenses, and third-party costs associated with the preparation of this offering.

Quarterly Results of Operations

The following tables set forth our unaudited quarterly consolidated statements of operations for each of the quarters indicated. The information for each quarter has been prepared on a basis consistent with our audited consolidated financial statements included in this prospectus and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of the financial information contained in those statements. Our historical results are not necessarily indicative of the results that may be expected for the full year or any other period in the future. The following quarterly financial information should be read in conjunction with our audited consolidated financial statements and related notes included in this prospectus.

	Three Months Ended							
	Mar. 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020
	(in thousands)							
Consolidated Statements of Operations Data:								
Revenue	$53,298	$ 62,117	$ 56,334	$ 63,838	$ 72,372	$ 72,354	$ 77,928	$ 77,868
Cost of revenue	37,603	44,057	35,865	42,208	46,567	45,867	48,519	51,673
Gross profit	15,695	18,060	20,469	21,630	25,805	26,487	29,409	26,195
Operating expenses								
Selling, general and administrative(1)	18,620	18,152	17,232	16,306	14,706	14,940	16,202	25,405
Marketing	6,990	8,494	9,324	7,056	9,193	10,625	13,516	11,144
Research and development(1)	1,259	1,314	1,235	1,329	1,166	1,100	1,425	2,014
Total operating expenses	26,869	27,960	27,791	24,691	25,065	26,665	31,143	38,563

	Three Months Ended							
	Mar. 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020
	(in thousands)							
Operating income (loss)	(11,174)	(9,900)	(7,322)	(3,061)	740	(178)	(1,734)	(12,368)
Interest and other income, net	231	149	31	18	(159)	(175)	(230)	(273)
Income (loss) before provision for income taxes	(10,943)	(9,751)	(7,291)	(3,043)	581	(353)	(1,964)	(12,641)
Income tax provision	14	14	14	13	22	22	22	23
Net income (loss)	$(10,957)	$(9,765)	$(7,305)	$(3,056)	$ 559	$ (375)	$(1,986)	$(12,664)
Non-GAAP Financial Measure—Adjusted EBITDA:								
Adjusted EBITDA	$ (5,058)	$(4,532)	$(2,166)	$ 2,060	$4,463	$3,475	$ 2,146	$ 1,105

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

	Three Months Ended							
	Mar. 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020
	(in thousands)							
Selling, general and administrative	$ 2,296	$ 2,049	$ 1,970	$ 1,737	$ 1,845	$ 2,242	$ 1,714	$ 1,757
Research and development	80	80	78	90	78	83	91	95
Total	$ 2,376	$ 2,129	$ 2,048	$ 1,827	$ 1,923	$ 2,325	$ 1,805	$ 1,852

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

	Three Months Ended							
	Mar. 31, 2019	June 30, 2019	Sept. 30 2019	Dec. 31, 2019	Mar. 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020
	(In thousands)							
Reconciliation of Net Income (Loss) to Adjusted EBITDA:								
Net income (loss)	$(10,957)	$(9,765)	$(7,305)	$(3,056)	$ 559	$ (375)	$(1,986)	$(12,664)
Interest and other (income) expense, net	(231)	(149)	(31)	(18)	159	175	230	273
Income tax provision	14	14	14	13	22	22	22	23
Depreciation and amortization	2,139	2,143	1,988	1,402	1,229	1,328	1,150	1,147
Stock-based compensation	2,376	2,129	2,048	1,827	1,923	2,325	1,805	1,852
Innovation Strategy expenses(1)	1,387	924	1,043	1,219	571	—	815	125
Non-ordinary course litigation expenses(2)	214	172	77	673	—	—	—	—
Related offering costs and other transaction-related expenses(3)	—	—	—	—	—	—	110	10,349
Total Adjusted EBITDA	$ (5,058)	$(4,532)	$(2,166)	$ 2,060	$4,463	$3,475	$ 2,146	$ 1,105

(1) Includes professional fees and expenses and executive severance and termination expenses related to our Innovation Strategy.
(2) Includes litigation and settlement fees associated with certain non-ordinary course litigation, including a matter involving the alleged breach of confidentiality and non-use obligations by a former employee and a matter involving the termination by us of a multi-year international distribution agreement for material breach and non-performance, and related counterclaims.
(3) Includes third-party costs associated with the preparation of this offering. For the three months ended December 31, 2020, also includes $9.7 million related to the IPO Bonuses paid in 2020, which includes associated payroll taxes and expenses.

The following table sets forth components of results of operations as a percentage of revenue for each of the quarters indicated.

	Three Months Ended							
	Mar. 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020
	(as a percentage of revenue)							
Consolidated Statements of Operations Data*:								
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenue	70.6	70.9	63.7	66.1	64.3	63.4	62.3	66.4
Gross profit	29.4	29.1	36.3	33.9	35.7	36.6	37.7	33.6
Operating expenses								
Selling, general and administrative	34.9	29.2	30.6	25.5	20.3	20.6	20.8	32.6
Marketing	13.1	13.7	16.6	11.1	12.7	14.7	17.3	14.3
Research and development	2.4	2.1	2.2	2.1	1.6	1.5	1.8	2.6
Total operating expenses	50.4	45.0	49.3	38.7	34.6	36.9	40.0	49.5
Operating income (loss)	(21.0)	(15.9)	(13.0)	(4.8)	1.0	(0.2)	(2.2)	(15.9)
Interest and other income, net	0.4	0.2	0.1	—	(0.2)	(0.2)	(0.3)	(0.4)
Income (loss) before provision for income taxes	(20.5)	(15.7)	(12.9)	(4.8)	0.8	(0.5)	(2.5)	(16.2)
Income tax provision	—	—	—	—	—	—	—	—
Net income (loss)	(20.6)%	(15.7)%	(13.0)%	(4.8)%	0.8%	(0.5)%	(2.5)%	(16.3)%

* Amounts may not sum due to rounding.

Liquidity and Capital Resources

Since inception, we have funded our operations primarily through cash flows from the sale of our products and net proceeds from sales of our common stock and redeemable convertible preferred stock. As of December 31, 2020, we had $29.3 million of cash and cash equivalents and short-term investments of $34.4 million. We believe that our existing cash and cash equivalent balances and short-term investments portfolio will be sufficient to support operating and capital requirements for at least the next 12 months. We may supplement our liquidity needs with borrowings under the 2021 Credit Facility described below, which we intend to enter into prior to the completion of this offering.

Our future capital requirements will depend on many factors, including our revenue growth rate, our global footprint, the expansion of our marketing activities, the timing and extent of spending to support product development efforts, the introduction of new and enhanced products and the continued market adoption of our products. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, products and technologies. We may be required to seek additional equity or debt financing. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued product innovation, we may not be able to compete successfully, which would harm our business, operations, and financial condition.

Borrowings

Prior to the completion of this offering, we intend to enter into a first lien credit agreement, or 2021 Credit Facility, with JPMorgan Chase Bank, N.A., as administrative agent and lender, and the other lenders party thereto, which will provide for a $35.0 million revolving credit facility maturing five years from the date of the 2021 Credit Facility. The 2021 Credit Facility will include a subfacility that provides for the issuance of letters of credit in an amount of up to $10.0 million at any time outstanding.

The 2021 Credit Facility will be subject to customary fees for loan facilities of this type, including a commitment fee based on the average daily undrawn potion of the revolving credit facility.

The interest rate applicable to the 2021 Credit Facility will be, at our option, either (a) the LIBOR (or a replacement rate established in accordance with the terms of the 2021 Credit Facility) (subject to a 0.00% LIBOR floor), plus a margin of 1.50% or (b) the CB floating rate minus a margin of 0.50%. The CB floating rate is the highest of (a) the Wall Street Journal prime rate and (b)(i) 2.50% plus (ii) the adjusted LIBOR rate for a one-month interest period.

The 2021 Revolving Facility will terminate and borrowings thereunder, if any, will be due in full five years from the date of the 2021 Credit Facility.

Debt under the 2021 Credit Facility will be guaranteed by substantially all of our material domestic subsidiaries and will be secured by substantially all of our and such subsidiaries' assets. The 2021 Credit Facility will contain affirmative and negative covenants, indemnification provisions and events of default. Affirmative covenants include administrative, reporting and legal covenants, in each case subject to certain exceptions. The negative covenants restrict our ability, subject to customary exceptions, to, among other things: make restricted payments including dividends and distributions on, redemptions of, repurchases or retirement of our capital stock; restrict certain of our subsidiaries' ability to engage in certain intercompany transactions with other subsidiaries that do not guarantee obligations under the 2021 Credit Facility; restrict our ability to incur additional indebtedness and issue certain types of equity; sell assets, including capital stock of subsidiaries; enter into certain transactions with affiliates; incur liens; enter into fundamental changes including mergers and consolidations; make investments, acquisitions, loans or advances; create negative pledges or restrictions on the payment of dividends or payment of other amounts owed from subsidiaries; make prepayments or modify documents governing material debt that is subordinated with respect to right of payment; engage in certain sale leaseback transactions; change our fiscal year; and change our lines of business. The 2021 Credit Facility will also contain a financial covenant that requires us to maintain a maximum total net leverage ratio of 3.50:1.00 during the periods set forth in the 2021 Credit Facility. The total net leverage ratio will be calculated as the ratio of (a) total indebtedness less up to $15.0 million of cash and cash equivalents to (b) consolidated EBITDA, which is defined in the 2021 Credit Facility. The 2021 Credit Facility will also include customary events of default, including failure to pay principal, interest or certain other amounts when due, material inaccuracy of representations and warranties, violation of covenants, specified cross-default and cross-acceleration to other material indebtedness, certain bankruptcy and insolvency events, certain events relating to the Employee Retirement Income Security Act of 1974, certain undischarged judgments, material invalidity of guarantees or grant of security interest, and change of control, in certain cases subject to certain thresholds and grace periods. If an event of default occurs and is continuing, lenders holding a majority of the commitments under the 2021 Credit Facility will have the right to, among other things, (i) terminate the commitments under the 2021 Credit Facility, (ii) accelerate and require us to repay all the outstanding amounts owed under the 2021 Credit Facility and (iii) require us to cash collateralize any outstanding letters of credit.

Cash Flows

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

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Net cash used in operating activities	$ (19,992)	$ (12,066)
Net cash provided by investing activities	$ 11,007	$ 36,696
Net cash used in financing activities	$ (305)	$ (973)

Operating Activities

Our largest source of operating cash is from the sales of our products through Digital and Retail channels to our consumers. Our primary uses of cash from operating activities are for cost of revenue expenses, selling, general and administrative expenses, marketing expenses and research and development expenses. We have generated negative cash flows from operating activities and have supplemented working capital requirements through net proceeds from the sale and maturity of short-term investments.

Net cash used in operating activities of $20.0 million for the year ended December 31, 2019 was primarily due to net loss of $31.1 million, non-cash adjustments of $15.9 million and a net decrease in cash related to changes in operating assets and liabilities of $4.8 million. Non-cash adjustments primarily consisted of stock-based compensation of $8.4 million and depreciation and amortization of $7.7 million. Changes in cash flows related to operating assets and liabilities primarily consisted of a $5.2 million use of cash due to the timing of payments associated with our accounts payable and leasing obligations, a $2.5 million increase in accounts receivable due to the timing of collections and larger sales volume in the fourth quarter of 2019 and a $1.4 million use of cash due to an increase in prepaid expenses and other assets resulting from an increase in prepaid advertising costs and capitalized implementation costs for cloud computing service arrangements. These uses of cash were partially offset by a $4.7 million reduction in inventory due to the timing of inventory purchases.

Net cash used in operating activities of $12.1 million for the year ended December 31, 2020 was primarily due to net loss of $14.5 million, non-cash adjustments of $12.9 million and a net decrease in cash related to changes in operating assets and liabilities of $10.5 million. Non-cash adjustments primarily consisted of stock-based compensation of $7.9 million and depreciation and amortization of $4.9 million. Changes in cash flows related to operating assets and liabilities primarily consisted of a $24.1 million use of cash to increase investment in inventory to support our growth across our business, including on wipes, sanitization products and our new innovation products in 2020, and a $1.5 million use of cash due to timing of payments on prepaid expenses and other assets. These uses of cash were partially offset by a $13.7 million increase in accounts payable and accrued expenses driven by the aforementioned investment in inventory to support growth across the business and a $1.5 million reduction in accounts receivable due to timing of cash collection from retail customers.

Investing Activities

Our primary source of investing cash is the sale and maturity of short-term investments and our primary use of investing cash is the purchase of short-term investments and property and equipment.

Net cash provided by investing activities of $11.0 million for the year ended December 31, 2019 was due to proceeds from the sales and maturities of short-term investments of $4.8 million and $81.3 million, respectively, net of purchases of short-term investments of $74.4 million and purchases of property and equipment of $0.7 million.

Net cash provided by investing activities of $36.7 million for the year ended December 31, 2020 was due to proceeds from the sales and maturities of short-term investments of $5.8 million and $53.5 million, respectively, net of purchases of short-term investments of $22.5 million and purchases of property and equipment of $0.2 million.

Financing Activities

Our financing activities primarily consisted of the exercising of stock option awards and principal payments of financing lease obligations.

Net cash used in financing activities of $0.3 million for the year ended December 31, 2019 consisted of principal payments of financing lease obligations of $0.3 million and the purchase and retirement of Series D redeemable convertible preferred stock of $0.3 million, net of $0.3 million proceeds from exercise of stock options.

Net cash used in financing activities of $1.0 million for the year ended December 31, 2020 primarily consisted of principal payments of financing lease obligations of $1.0 million.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 31, 2020:

	Payments Due By Period				
	Total	Less than 1	1-3 Years	3-5 Years	More than 5
	(in thousands)				
Financing obligations	$19,409	$ 2,565	$ 5,352	$ 5,656	$ 5,836
Capital lease obligations	625	373	252	—	—
Operating lease commitments	36,407	5,814	10,985	11,998	7,610
Unconditional purchase commitments	2,521	2,233	288	—	—
Total	$58,962	$ 10,985	$16,877	$17,654	$ 13,446

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 obligations under agreements that we can cancel without a significant penalty.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

We believe that the following accounting policies involve a high degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations. See Note 2 to our consolidated financial statements appearing elsewhere in this prospectus for a description of our other significant accounting policies. The preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect the amounts reported in those financial statements and accompanying notes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

Revenue Recognition

We generate revenue through the sale of our products through Digital and Retail channels in the following product categories: Diapers and Wipes, Skin and Personal Care and Household and Wellness. The Digital channel includes direct to the consumer sales through our website and sales to third-party ecommerce customers, who resell our products through their own online platforms. The Retail channel includes sales to traditional brick and mortar retailers, who may also resell our products through their own online platforms. Our revenue is recognized net of allowances for returns, discounts, credits and any taxes collected from customers.

We account for revenue contracts with customers by applying the following steps in accordance with Accounting Standard Codification, or ASC, 606, *Revenue from Contracts with Customers*:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

We elected an accounting policy to record all shipping and handling costs as fulfillment costs. We accrue the cost of shipping and handling and recognize revenue and costs at the point in time that control of the goods transfers to the customer.

Direct-to-Consumer

For direct sales to the consumer through our website, our performance obligation consists of the sale of finished goods to the consumer. Consumers may purchase products at any time or enter into subscription arrangements. Consumers place orders online in accordance with our standard terms and conditions and authorize payment when the order is placed. Credit cards are charged at the time of shipment. For subscription arrangements, consumers sign up to receive products on a periodic basis. Subscriptions are cancellable at any time without penalty, and no amounts are collected from the consumer until products are shipped. Revenue is recognized when transfer of control to the consumer takes place, which is when the product is delivered to the carrier. Sales taxes collected from consumers are accounted for on a net basis and are excluded from revenue.

Consumers may purchase gift cards, which are recorded as deferred revenue at the time of purchase. We recognize revenue when these gift cards are redeemed for products and the revenue recognition criteria as described above have been met.

Retail and Third-Party Ecommerce

For retail and third-party ecommerce sales, our performance obligation consists of the sale of finished goods to retailers and third-party ecommerce customers. Revenue is recognized when control of the promised goods is transferred to those customers at time of shipment or delivery, depending on the contract terms. After the completion of the performance obligation, we have the right to consideration as outlined in the contract. Payment terms vary among the retail and third-party ecommerce customers although terms generally include a requirement of payment within 30 to 45 days of product shipment.

Sales Returns and Allowances

For direct-to-consumer, retail and third-party ecommerce sales, we record estimated sales returns in the same period that the related revenue is recorded. We use the expected value method to estimate returns, taking into consideration assumptions of demand based on historical data and historical returns rates. When estimating returns, we also consider future business initiatives and relevant anticipated future events. Estimated sales returns and ultimate losses may vary from actual results, which could be material to the consolidated financial statements. The estimated sales returns allowance is recorded as a reduction in revenue.

For direct-to-consumer, retail and third-party ecommerce sales, we offer credits in the form of discounts, which are recorded as reductions in revenue and are allocated to products on a relative basis based on their respective standalone selling price.

For retail and third-party ecommerce sales, we routinely commit to one-time or ongoing sales incentive programs that may require us to estimate and accrue the expected costs of such programs, including trade promotion activities and contractual allowances. We record these programs as a reduction to revenue unless we receive a distinct benefit in exchange for credits claimed by the customer and can reasonably estimate the fair value of the benefit received, in which case we record the programs as marketing expense. We recognize a liability or a reduction to accounts receivable, and reduce revenue based on the estimated amount of credits that will be claimed by customers. An allowance is recorded as a reduction to accounts receivable if the customer can deduct the program amount from the outstanding invoice.

Estimates for these sales incentive programs are developed using the most likely amount and are included in the transaction price to the extent that a significant reversal of revenue would not result once the uncertainty is resolved. In developing our estimate, we use historical analysis and contractual rates in determining the accruals for these activities. Also, we consider the susceptibility of the incentive to outside influences, the length of time until the uncertainty is resolved, and our experience with similar contracts. Judgment is required to determine the timing and amount of recognition of sales incentive program accruals which we estimate based on past practice with similar arrangements.

Inventories

Inventories consists of finished goods and are stated at the lower of cost or estimated net realizable value. Cost is computed based on weighted-average historical costs. We allocate certain overhead costs to the carrying value of our finished goods. The carrying value of inventories is reduced for any excess and obsolete inventory. Excess and obsolete inventory reductions are determined based on assumptions about future demand and sales prices, estimates of the impact of competition, and the age of inventory. If actual conditions are less favorable than those previously estimated by management, additional inventory write-downs could be required.

Stock-Based Compensation

We recognize stock-based compensation expense for employees and non-employees based on the grant-date fair value of stock options over the applicable service period. For awards that vest based on continued service, stock-based compensation cost is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the awards. For awards with performance vesting conditions, stock-based compensation cost is recognized on a graded vesting basis over the requisite service period when it is probable the performance condition will be achieved. The grant date fair value of stock options that contain service or performance conditions is estimated using the Black-Scholes option-pricing model. The grant date fair value of restricted stock awards that contain service vesting conditions are estimated based on the fair value of the underlying shares on grant date. For awards with market vesting conditions, the fair value is estimated using a Monte Carlo simulation model, which incorporates the likelihood of achieving the market condition.

We grant certain stock option awards that contain service and performance vesting conditions. For these awards, we commence recognition of stock-based compensation cost once it is probable that the performance condition will be achieved. Once it is probable that the performance condition will be achieved, we recognize stock-based compensation cost over the remaining requisite service period under a graded vesting model, with a cumulative adjustment for the portion of the service period that occurred for the period prior to the performance condition becoming probable of being achieved.

We also grant certain stock option awards that contain service, performance and market vesting conditions, where the performance condition is an initial public offering or a change in control event. This performance condition is not probable of being achieved for accounting purposes until the event occurs. Thereafter, expense is recognized when the event occurs even if the market condition was not or is not achieved, provided the employee continues to satisfy the service condition.

Determining the fair value of stock-based awards requires judgment. The Black-Scholes option-pricing model is used to estimate the fair value of stock options that have service and/or performance vesting conditions. The Monte Carlo simulation model is used to estimate the fair value of stock options that have market vesting conditions. The assumptions used in these option-pricing models requires the input of subjective assumptions and are as follows:

- *Fair value*—As our common stock is not currently publicly traded, the fair value of our underlying common stock was determined by our board of directors based upon a number of objective and subjective factors, as described in the section titled "—Common Stock Valuations" below. Our board of directors will determine the fair value of our common stock until such time as our common stock commences trading on an established stock exchange or national market system.
- *Expected volatility*—Expected volatility is based on historical volatilities of a publicly traded peer group based on daily price observations over a period equivalent to the expected term of the stock option grants.
- *Expected term*—For stock options with only service vesting conditions the expected term is determined using the simplified method, which estimates the expected term using the contractual life of the option and the vesting period. For stock options with performance or market conditions, the term is estimated in consideration of the time period expected to achieve the performance or market condition, the contractual term of the award, and estimates of future exercise behavior.
- *Risk-free interest rate*—The risk-free interest rate is based on the U.S. Treasury yield of treasury bonds with a maturity that approximates the expected term of the options.
- *Expected dividend yield*—The dividend yield is based on our current expectations of dividend payouts. Except for the 2021 Dividend, we have never declared or paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

The following assumptions were used to calculate the fair value of stock options granted to employees:

	Year Ended December 31, 2019	Year Ended December 31, 2020
Expected volatility	45% – 50%	50% – 60%
Expected term	5.27 – 6.46	6.02 – 6.08
Risk-free interest rate	1.68% – 2.91%	0.30% – 0.97%
Expected dividend yield	0%	0%

The determination of stock-based compensation cost is inherently uncertain and subjective and involves the application of valuation models and assumptions requiring the use of judgment. If factors change and different assumptions are used, stock-based compensation expense and net losses could be significantly different.

Common Stock Valuation

Given the absence of a public market of our common stock, and in accordance with the American Institute of Certified Public Accountants, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, our board of directors exercises significant judgment and considers numerous factors to determine the best estimate of fair value of our common stock, including the following:

- independent third-party valuations of our common stock;
- the rights, preferences and privileges of our redeemable convertible preferred stock relative to our common stock;
- our operating results, financial position and capital resources;
- our stage of development and current business conditions and projections, including the introduction of new products;

- the lack of marketability of our common stock;
- the hiring of key personnel and the experience of our management;
- the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given the prevailing market conditions;
- and the nature and history of our business;
- industry trends and competitive environment;
- trends in consumer spending, including consumer confidence; and
- the overall economic, regulatory and capital market conditions.

We performed valuations of our common stock that took into account the factors described above. We primarily used a combination of the market and income approach to determine the equity value of our business. The income approach estimates equity value based on the expectation of future cash flows that a company will generate. These future cash flows, and an assumed terminal value, are discounted to their present values using a discount rate based on a weighted-average cost of capital that reflects the risks inherent in the cash flows. The market approach estimates equity value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial forecasts to estimate the value of the subject company. The resulting common stock value is then discounted by a non-marketability factor. Public company trading revenue multiple comparisons provide a quantitative analysis that our board of directors' reviews in addition to the qualitative factors described above in order to determine the fair value of our common stock.

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

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

Based on the assumed initial public offering price per share of $, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the aggregate intrinsic value of our outstanding stock options as of December 31, 2020 was $, with $ million related to vested stock options.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities and are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates or tax law on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

A valuation allowance is provided on deferred tax assets when it is determined that it is more likely than not that some portion or all of the net deferred tax assets will not be realized.

We recognize the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. We recognize interest and penalties related to income tax matters in income tax expense.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for additional details regarding recent accounting pronouncements.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. 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 currency exchange rates.

Interest Rate Risk

We had cash and cash equivalents of $29.3 million and restricted cash of $7.9 million as of December 31, 2020, which consisted of bank accounts and money market funds. We had short-term investments of $34.4 million, which consisted of commercial paper, certificates of deposit, corporate bonds and U.S. government and agency securities. Interest-earning instruments carry a degree of interest rate risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 10% change in interest rates would not result in a material impact on our consolidated financial statements.

Foreign Currency Exchange Risk

Our reporting currency is the U.S. dollar. Gains or losses due to transactions in foreign currencies are reflected in the consolidated statements of comprehensive income (loss) under the line item interest and other income, net. We have not engaged in the hedging of foreign currency transactions to date, although we may choose to do so in the future. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our consolidated financial statements.

Emerging Growth Company Status

In April 2012, the JOBS Act was enacted. Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period 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 elected to take advantage of the extended transition period to comply with new or revised accounting standards and to adopt certain of the reduced disclosure requirements available to emerging growth companies. As a result of the accounting standards election, we will not be subject to the same implementation timing for new or revised accounting standards as other public companies that are not emerging growth companies which may make comparison of our financials to those of other public companies more difficult.

BUSINESS

Our Mission

Inspire everyone to love living consciously.

Overview: The Honest Difference

The Honest Company is a digitally-native, mission-driven brand focused on leading the clean lifestyle movement, creating a community for conscious consumers and seeking to disrupt multiple consumer product categories. Our commitment to our core values, passionate innovation and engaging our community has differentiated and elevated our brand and our products. Since our launch in 2012, we have been dedicated to developing clean, sustainable, effective and thoughtfully designed products. By doing so with transparency, we have cultivated deep trust around what matters most to our consumers: their health, their families and their homes. We are an omnichannel brand, ensuring our products are available however our consumers shop. Our differentiated platform positions us for continued growth through our trusted brand, award-winning multi-category product offering, deep digital-first connection with consumers and omnichannel accessibility.

Our integrated multi-category product architecture is intentionally designed to serve our consumers every day, at every age and through every life stage, no matter where they are on their journey. Today, our three categories are Diapers and Wipes, Skin and Personal Care and Household and Wellness, which represented 63%, 26% and 11% of our 2020 revenue, respectively. At the center of our product ecosystem are our diapers, which are a strategic consumer acquisition tool that acts as an entry point for our portfolio, as new parents often go on to purchase products from our other categories for their everyday family needs. According to a third-party study that we commissioned in 2020, nearly 90% of our diaper buyers surveyed expanded their purchases beyond diapers and nearly half have purchased two or more of our non-diaper products. Our integrated multi-category product architecture is designed to drive loyalty, increase our consumer wallet share and generate attractive consumer lifetime value.

We believe that our consumers are modern, aspirational, conscious and style-forward and that they seek out high quality, effective and thoughtfully designed products. We believe that they are passionate about living a conscious life and are enthusiastic ambassadors for brands they trust. As purpose-driven consumers, they transcend any one demographic, spanning gender, age, geography, ethnicity and household income. Honest consumers are often young, mobile-centric and digitally inclined. We build relationships with these consumers through a disruptive digital marketing strategy that engages them with “snackable” digital content (short-form, easily digestible content), immerses them in our brand values, and inspires them to join the Honest community. Our direct connection with our community enables us to understand what consumers’ needs are and inspires our product innovation pipeline, generating a significant competitive advantage over more traditional consumer packaged goods, or CPG, peers.

Our omnichannel approach seeks to meet consumers however they want to shop, balancing deep consumer connection with broad convenience and accessibility. Since our launch, we have built a well-integrated omnichannel presence by expanding our retail accessibility across both Digital and Retail channels, including the launch of strategic partnerships with Costco, Target and Amazon in 2013, 2014 and 2017, respectively. In 2020, we generated 55% and 45% of our revenue from our Digital and Retail channels, respectively. We maintain direct relationships with our consumers via our flagship digital platform, Honest.com, which allows us to influence brand experience and better understand consumer preferences and behavior. We increase accessibility of our products to more consumers through both the third-party pureplay ecommerce sites that, with Honest.com, comprise the rest of our Digital channel, and our Retail channel, which includes leading retailers and their websites. Our products can be found in approximately 32,000 retail locations across the United States, Canada and Europe. This distinctive business model has allowed us to efficiently scale our business while remaining agnostic as to the channel where consumers purchase our products. Our integrated omnichannel presence provides meaningful benefits to our consumer which we believe is not easily replicated by our competitors.

At Honest, we prioritize transparency, trust and sustainability in all that we do. Our purpose-driven mission inspires our commitment to safety and transparency, our philanthropic partnerships with our charity and community partners, and our commitment to diversity and inclusion. We strive to reduce our environmental footprint. In 2020, we entered into an agreement to participate in a program to offset, through carbon offset projects, the greenhouse gas emissions resulting from our Honest.com shipments through the end of 2022. Our domestic Honest.com shipments were carbon neutral from May 2020 to October 2020 as a result of this program and we expect these shipments to continue to be carbon neutral through the end of 2022. Since inception, we have donated approximately 25 million essential products and our team has volunteered over 18,500 hours in our communities. Finally, as a company founded by a woman of color, we are proud to say that as of December 31, 2020, people of color represented nearly half of our workforce and women represented 68% and 53% of our workforce and leadership, which includes director level and above, respectively.

Our trusted brand, innovative product offering, deep consumer connection and differentiated omnichannel presence have driven strong financial performance. For example, we:

- Grew revenue 27.6% from $235.6 million in 2019 to $300.5 million in 2020;
- Grew revenue in our Diapers and Wipes, Skin and Personal Care and Household and Wellness categories by 16.4%, 35.5% and 116.5%, respectively, from 2019 to 2020;
- Increased gross margin from 2019 by 370 basis points to 35.9% in 2020;
- Generated a net loss of $14.5 million in 2020; and
- Achieved adjusted EBITDA of $11.2 million in 2020, or 4% of 2020 revenue.

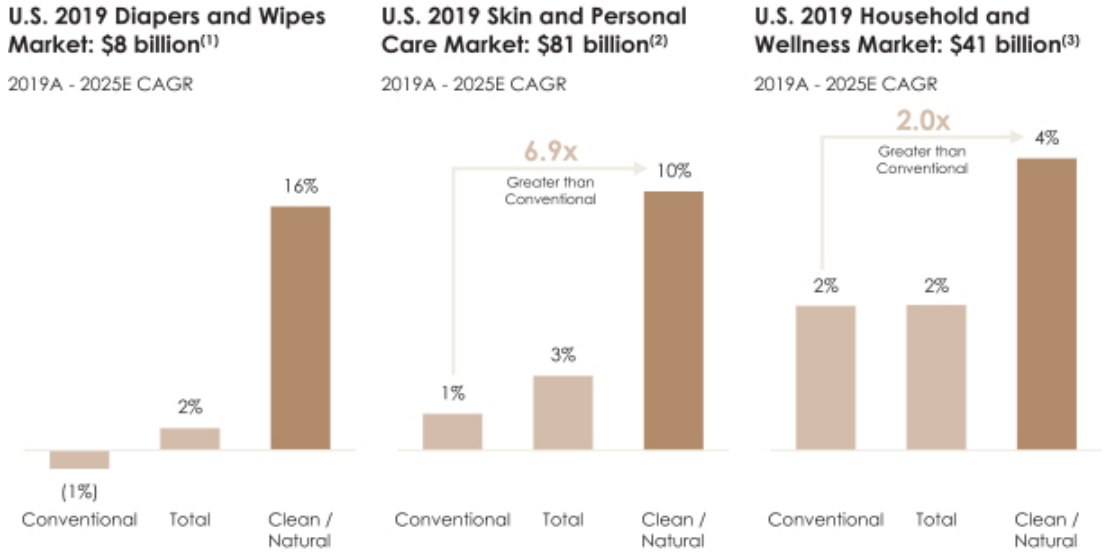
Adjusted EBITDA is a measure that is not calculated in accordance with generally accepted accounting principles in the United States, or GAAP. For further information about how we calculate adjusted EBITDA, limitations of its use and a reconciliation of adjusted EBITDA to net loss, the most directly comparable financial measure stated in accordance with GAAP, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure—Adjusted EBITDA.”

Our Industry

Rapidly Growing “Clean and Natural” Segment in Large Market

We believe that the “clean and natural” segments of the Diapers and Wipes, Skin and Personal Care and Household and Wellness markets are growing at outsized rates, as a result of the increasing shift in consumer demand for “better-for-you” products. In 2019, we estimate that the clean and natural U.S. Diapers and Wipes, Skin and Personal Care and Household and Wellness markets generated approximately $1 billion, $12 billion and $4 billion in retail sales, respectively, and that they will grow at a compound annual growth rate, or CAGR, of 16%, 10% and 4% from 2019 to 2025, respectively. This growth has far outpaced broader spending in all U.S. Diapers and Wipes, Skin and Personal Care and Household and Wellness markets, which we estimate generated approximately $8 billion, $81 billion and $41 billion of retail sales, respectively, in 2019, and which we estimate will grow at a CAGR of 2%, 3% and 2% from 2019 to 2025, respectively. Combined, we believe our market share is less than 5% of these markets overall, thus providing significant room for growth. Our estimates for Skin and Personal Care include Color Cosmetics, Skin Care, Baby Personal Care, Sun Care, Adult Bath and Body Care, Deodorant, Adult Haircare, Perfume, and Nail Care. Our Household and Wellness estimates include Feminine Hygiene, Household Cleaner and Supply, Laundry Products, Infant Formula, Vitamins and Supplements, and Home Fragrance / Air Care.

We believe that certain historical leading brands that have produced products in these categories for decades generally focus on single categories and offer products made with conventional ingredients that are less aligned with increasing consumer preference for clean and natural solutions. We believe that given consumers’ growing focus on their health and wellness, reducing waste and promoting social impact, we are well-positioned to continue to take market share from these legacy brands.



"Conventional" refers to brands that did not make explicit claims that their products were natural, "better-for-you," naturally derived or simplified formulations, or similar claims. "Clean/Natural" refers to brands that make explicit claims regarding their products being natural, "better-for-you," naturally derived or simplified formulations, or similar claims.
(1) Based off aggregated data of at least 25 brands.
(2) Based off aggregated data of at least 90 brands.
(3) Based off aggregated data of at least 115 brands.

We believe that this market shift towards clean and natural products is in its early stages. Despite the growth of the clean and natural categories, the implied clean and natural market penetration of the total Diapers and Wipes, Skin and Personal Care and Household and Wellness markets in the United States in 2019 is estimated to be 11%, 14% and 10%, respectively, according to a third-party study that we commissioned. This estimated market penetration is calculated based on comparing the clean and natural portion of a certain market compared to the relevant total market. We believe this illustrates the whitespace opportunity for further market penetration and category growth in the clean and natural segments.

Significant Growth in Digital Channels

In tandem with this category growth, a fundamental channel shift is underway across the Diapers and Wipes, Skin and Personal Care and Household and Wellness markets. Historically, products in these markets have been sold through traditional, wholesale, store-based channels, which accounted for approximately 80% of U.S. retail sales in these markets in 2019, according to our estimates. In recent years, consumer behavior has transitioned toward digital and direct-to-consumer channels. According to our estimates from 2014 to 2019, total ecommerce sales grew at seven times the rate of brick and mortar store-based sales. We see consumers increasingly self-educating on the benefits of clean and natural products through social media, influencers and other online content, driving digital engagement and purchasing that supports continued outsized growth of the ecommerce channel.

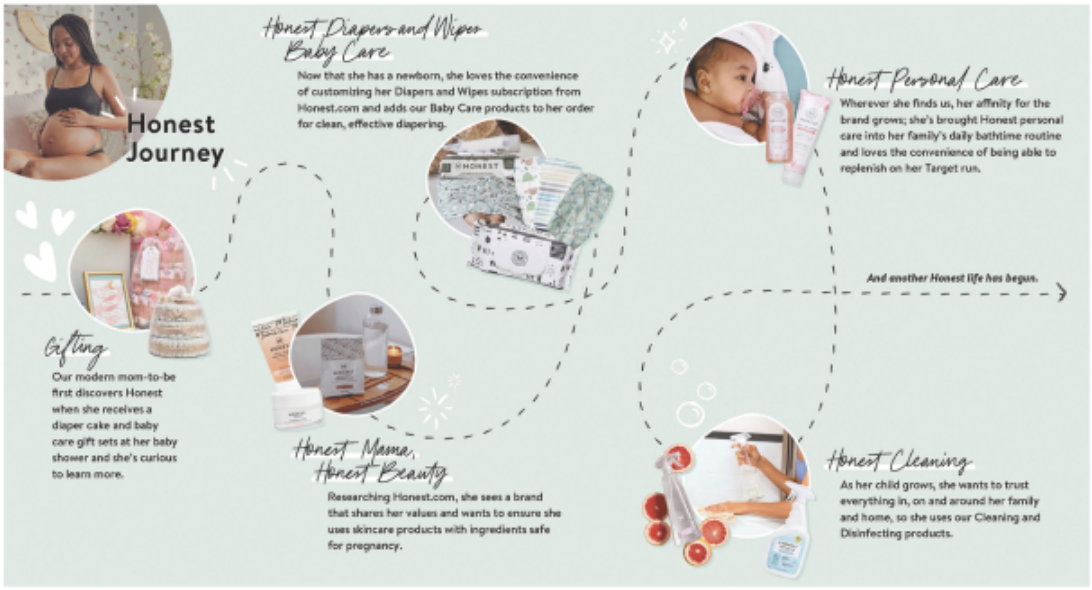
We expect these trends to continue and believe the move in consumer preferences towards clean and sustainable products, as well as the growth in the digital channel, will accelerate globally. As a leader in the clean CPG movement and a driver of the shift to omnichannel in the CPG space, we believe that we are well-positioned to capitalize and continue to lead innovation on these industry trends both in the United States and globally.

Our Strengths

Mission-Driven Brand Inspiring Deep Consumer Affinity Across Categories

Our brand promise results in deep consumer affinity, loyalty and broad desire to shop our brand across categories. According to a third-party study that we commissioned among then-current diaper, personal care and beauty buyers of certain brands, Honest is ranked #1 or #3 across indices of "better-for-you" credibility, expressive brand personality and functional excellence. A large majority of respondents stated that they would recommend our diaper products to their friends, family and others, representing a net promoter score, or NPS, of 78 among consumers who primarily shop Honest diapers. NPS is a commonly used metric to measure consumer satisfaction and loyalty and indicates the percentage of consumers rating their likelihood to recommend a product or service to a friend. The percentage of "detractors," or consumers who respond with a rating of 6 or less, is subtracted from the percentage of "promoters," or consumers who respond with a 9 or 10, to yield NPS. We have meaningfully expanded our brand reach throughout the United States but believe that we still have significant whitespace opportunity for growth, as demonstrated by our unaided brand awareness of 25% among diaper buyers according to our consumer research as of January 2021.

Leveraging our brand equity, we have developed an integrated, multi-category product architecture intentionally designed to serve our consumers every day, at every age and through every life stage, no matter where they are on their journey. We have become an increasingly integral part of consumers' lives, serving them across their pregnancy, baby, beauty and household care needs, with a goal of capturing significant wallet share, high repeat purchasing rates and attractive consumer lifetime value. In 2020 alone, 34% of first-time Honest.com buyers purchased at least one Skin and Personal Care product, 46% of first-time Honest.com buyers purchased at least one Diapers and Wipes product and 34% of first-time Honest.com buyers purchased at least one Household and Wellness product.



Deep Connection with Consumers

Since inception, we have grown our brand and deepened our consumer relationships through our "Content, Community, Commerce" strategy. We produce highly relevant, "snackable" content and engage with consumers through multiple touchpoints, including our flagship digital platform, Honest.com, our social media presence where we reach approximately four million followers across our social media accounts, and other digital mediums. We believe that our ability to own and nurture our consumer relationships represents a meaningful competitive advantage over traditional CPG peers, who largely rely on retailers and traditional mediums to sell their products. These relationships with our consumers inform our product innovation and allow us to move

faster to bring new and improved products to market. At Honest, we have curated an aspirational conscious lifestyle platform. We activate it via our social media and digital marketing capabilities, to differentiate our brand and build direct consumer relationships. As a result, we have fostered a highly engaged social media community who shares our passion for conscious living, further enhancing our reputation as a purpose-driven brand.

In-House Product Development Capabilities that Power Innovation

Product innovation lies at the heart of our business. We have built a high-performance product development team that sets new standards with a proven track record of bringing innovative, award-winning products to market. To maximize the impact of our product development capabilities, our direct connection with our community enables us to understand what consumers' needs are and inspires our product innovation pipeline, which we believe generates a significant competitive advantage over more traditional CPG peers. Our product innovation is inspired by feedback from our consumers that we receive through multiple avenues, including through our internal customer service team, comments left by consumers on our social media platforms and product ratings on our website and retailer's websites. For example, we created and brought to market a new Stay Safe cleaning collection, a complete set of cleaning, sanitizing and disinfecting solutions, in less than six months after the onset of COVID-19. In 2020, 22% of our revenue was generated from stock keeping units, or SKUs, introduced in 2020. In addition to using these capabilities to innovate new products to bring to market, we also regularly reformulate or update existing products, improving performance and expanding gross margin. We have won over 100 awards, including the 2020 "Parents" Best for Baby Award and seven Allure Best of Beauty awards.

Integrated Omnichannel Approach to Drive Discovery and Accessibility

Our multi-channel presence across our complementary Digital and Retail channels allows us to meet our consumers however they want to shop, mirroring their shopping behaviors and providing availability and accessibility that we believe our competitors would find hard to replicate. Our integrated omnichannel approach has driven brand building and organic lead generation, while maximizing consumer connection, experience and accessibility to encourage long-term consumer relationships. Our Digital channel is comprised of both our flagship digital platform, Honest.com, and third-party pureplay ecommerce sites. Honest.com enables us to maintain direct relationships with our consumers, influence brand experience and better understand consumer preferences and behavior. Our third-party pureplay ecommerce partners and our Retail channel, which includes leading retailers and their websites, increase accessibility of our products to more consumers. We have developed a distinctive business model that has allowed us to efficiently scale our business while making us agnostic to the channel where consumers purchase our brand. Our omnichannel strategy has meaningfully increased access to our products. According to a third-party study that we commissioned, 79% of recent diaper buyers who originate on Honest.com also shopped for Honest diapers in retail brick and mortar stores.

Scalable Infrastructure and High-Performance Team to Support Growth

We have made significant investments in recent years designed to provide a stable foundation for our business as it scales. We have built state-of-the-art infrastructure, systems and processes to support our core in-house capabilities, including research and development, sales and marketing, brand management, distribution and logistics and customer service. We believe this foundation is highly scalable and therefore capable of supporting our future growth.

We are led by a strong team of consumer industry veterans who are united by a passion for our mission and a belief in our vast future potential. Our founder, Jessica Alba, is a globally recognized business leader, entrepreneur, advocate, actress and New York Times bestselling author. With a significant global reach including more than 39 million social media followers worldwide across social media accounts, she has an innate and invaluable ability to resonate and engage with the consumer, driving trends across demographics and generations. Her partnership with our Chief Executive Officer, Nick Vlahos, represents a distinctive combination of her entrepreneurial, authentic insights and his deep experience in the consumer products industry. Nick brings over 30 years of experience in the consumer products industry, including most recently as Chief Operating Officer at The Clorox Company, and previously as Vice President—General Manager of Burt's Bees. We believe our blend of talent, experience and culture gives us the ability to drive sustainable growth.

Our Growth Strategy

We intend to drive growth and increased profitability in our business through these key elements of our strategy:

Drive Marketing Innovation to Increase Consumer Engagement

- *Deepen Consumer Relationships.* We plan to deepen our existing consumer relationships to improve our revenue retention and increase our wallet share. We intend to further promote our strong brand equity, develop a more holistic offering for all life stages through strategic product innovation and enhance our consumer experience and product accessibility through coordinated cross-channel efforts with the goal of increasing purchase frequency and overall customer spend.
- *Grow Brand Awareness and Encourage Trial.* Our unaided brand awareness of 25% among diaper buyers illustrates an opportunity to broaden our consumer base and drive future growth. We are focused on increasing brand awareness and consumer touchpoints by leveraging our differentiated content, engaged community and omnichannel strategy with continued investment in innovative brand and performance marketing. We believe increasing brand awareness could be a significant growth driver for our company.

Drive Accretive Product Innovation

- *Improve Existing Products.* Since our inception, we have been guided by the idea that there is always room for innovation. We strive for continuous improvement in our existing products' safety, sustainability, efficacy and design profile, as exemplified by the introduction of our clean conscious diaper in January 2021. We believe continuous innovation is important to accelerating our growth, deepening consumer connections and improving the profitability of our product offering.
- *Introduce Innovative Products in Existing Categories.* We have a successful track record of bringing relevant products quickly to market. We plan to leverage our direct relationship with our community of consumers, research and development experts, internal laboratories, rapid product development capabilities and flexible supply chain to drive agile innovation in our existing categories and gain market share. We are currently reviewing our beauty offering and ingredients to capitalize on advancements in clean formulations and sustainable packaging.
- *Launch New Categories.* We intend to leverage our in-house innovation capabilities to launch new products that disrupt adjacent product categories. Our direct relationship with our community of consumers provides insight into those categories in which latent demand exists. Moreover, our consumer research indicates that our brand resonates in a broad set of adjacent product categories, including new product categories within Household and Wellness and Skin and Personal Care.

Continued Execution of Omnichannel Strategy to Drive Product Accessibility

- *Increase Sales Through Ecommerce Channels.* We plan to grow Honest.com by leveraging our deep connection with existing consumers and drawing new consumers through increased brand awareness and investing in performance marketing. Our flagship digital platform is core to our consumer engagement strategy, providing an immersive brand experience through our original content as well as a convenient shopping channel. Additionally, we intend to leverage our successful relationships with our third-party ecommerce partners with an aim to capture the growing portion of CPG sales transacted online in the United States.
- *Increase Breadth and Depth of Distribution at Domestic Retail Partners.* Building on our success at growing our Retail channel, we have additional whitespace opportunity to expand distribution. For the 52 weeks ending December 27, 2020, we had approximately 40% all-commodity volume, or ACV, in both our Diapers and Wipes and Skin and Personal Care categories across national multi-outlet stores compared to historical leading brands that have been on the market for decades in the same

categories with 95 to 100% ACV. ACV is the measurement of a product's distribution weighted by the overall dollar retail sales attributable to the retail location distributing such product; a retail location would be counted as having sold the product or product group if at least one unit of the product was scanned for sale within the relevant time period. This metric provides a measurement of retail penetration that takes into account the importance of selling through retail locations with higher overall retail sales volumes, and as a result we believe that our competitors generally use the same measurement. We intend to enhance distribution with our existing retailers by leveraging our sales productivity and innovation, winning more shelf space and increasing the number of products we sell at retail locations that already carry our products. Additionally, we plan to increase our accessibility and reach a broader consumer base by strategically adding new retail partners, which would expand our ACV. We believe that Honest products attract an appealing consumer for our retailers. For example, based on a third-party study that we commissioned, during the eight month period ending January 2021, the average Honest consumer had a 14% higher average basket size (in dollars) when making any purchase than the average Target consumer, making Honest consumers more attractive to our retail partners due to higher average spending.

- *Grow International Sales.* In 2020, international sales represented 2% of our revenue while a significant number of Jessica Alba's social media followers were located outside the United States. We plan to accelerate our growth outside the United States by leveraging the Honest brand and global reach of Jessica Alba. We plan to prioritize markets where consumer trends towards clean, ingredient-led products in our categories are accelerating. We have entered Canada and Europe through partnerships with leading retailers and intend to leverage our proven consumer resonance to expand our footprint across existing and new accounts. We have a meaningful opportunity to leverage Jessica Alba's large following in Asia to tap into one of the largest addressable markets for baby and personal care products. We plan to partner with leading international retailers and third-party ecommerce platforms to allow us to efficiently expand our international reach.

Our Brand

Honest is a digitally-native, mission-driven brand focused on leading the clean lifestyle movement, creating a community for conscious consumers and seeking to disrupt multiple consumer product categories. Our commitment to our core values, to passionate innovation and to engaging our community has differentiated and elevated our brand and our products. Since our launch in 2012, we have been dedicated to developing clean, sustainable, effective and thoughtfully designed products. Our brand proposition is built on four pillars:

- *Clean.* The health, safety and well-being of our consumers are our top priorities. We're committed to providing them with high-performance products that they can feel great about using. That's why we place such an emphasis on ingredient assessment, carefully choosing the ones we put into our products and the ones we leave out. Our NO List™ contains over 2,500 chemicals and materials we choose not to use, including parabens, sulfates, phthalates, formaldehyde donors and synthetic fragrances. We rely on our in-house clinical and toxicology team and third-party scientists to certify our products for potential human health risks. We never test on animals.
- *Sustainable.* We constantly explore new ways to evolve our products and improve our use of renewable resources. We use sustainable materials and ingredients in our products as much as we can, including 100% plant-based substrate in our baby wipes, sustainably sourced fluff pulp, refillable bottles in our

Clean Vibes kit and post-consumer recycled plastic and paper. Our domestic Honest.com shipments from May 2020 to October 2020 were carbon neutral, and we expect our domestic Honest.com shipments to continue to be carbon neutral through the end of 2022.

- *Effective.* We firmly believe consumers should not have to choose between what works and what is good for them. Our clinical and toxicology teams test final products in three different areas: safety, efficacy and integrity. We have won over 100 awards for our brand and products, including the 2020 “Parents” Best for Baby Award and multiple Allure Best of Beauty awards.
- *Thoughtfully Designed.* We design aesthetically pleasing products that our consumers are delighted to showcase in their homes and share on social media. We pride ourselves on the functional details, such as streamlined packaging, pumps with single hand ease of use and multi-use products such as a two-in-one mascara and lash primer.

Our brand promise deeply resonates with our consumer. According to a third-party study that we commissioned, a large majority of respondents stated that they would recommend our diaper products to their friends, family and others, representing a NPS of 78 among consumers who primarily shop Honest diapers. Our Diapers and Wipes, Skin and Personal Care and Household and Wellness products average 4.6/5, 4.4/5, and 4.2/5 star ratings on Amazon as of January 2021, respectively. Across categories, we have also improved our average star ratings on Amazon from 3.9 to 4.4 stars between January 2018 and March 2021.

Our Consumer

We believe that our consumers are modern, aspirational, conscious and style-forward and that they seek out high quality, effective and thoughtfully designed products. We believe that they are passionate about living a conscious life and are enthusiastic ambassadors for brands they trust. As purpose-driven consumers, they transcend any one demographic, spanning gender, age, geography, ethnicity and household income in the United States. Our consumers are often young. They are digitally inclined, mobile-centric and value the aesthetics of the products they buy. While our consumers represent many different demographics, they share a common desire to live consciously. Not only do they appreciate clean and conscious brands, they also care about environmental sustainability. We believe they increasingly seek emotional connections with brands that are unique and resonate with their values.

Our Products

Since inception, our purpose has anchored a passionate culture of innovation. We have a history of developing transformative products, including new products in existing product families, product line expansions and accessories, as well as products that bring us into new categories. In 2020 alone, we launched approximately 30 new products across our product categories that generated 8% of our 2020 revenue, with a renewed focus on cleaning, sanitization and wellness products developed in response to the COVID-19 pandemic. New SKUs we introduced in 2020 across our already existing products and these 30 new products generated 22% of our 2020 revenue.

Today, our three product categories are Diapers and Wipes, Skin and Personal Care and Household and Wellness, which represented 63%, 26%, and 11% of our 2020 revenue, respectively.

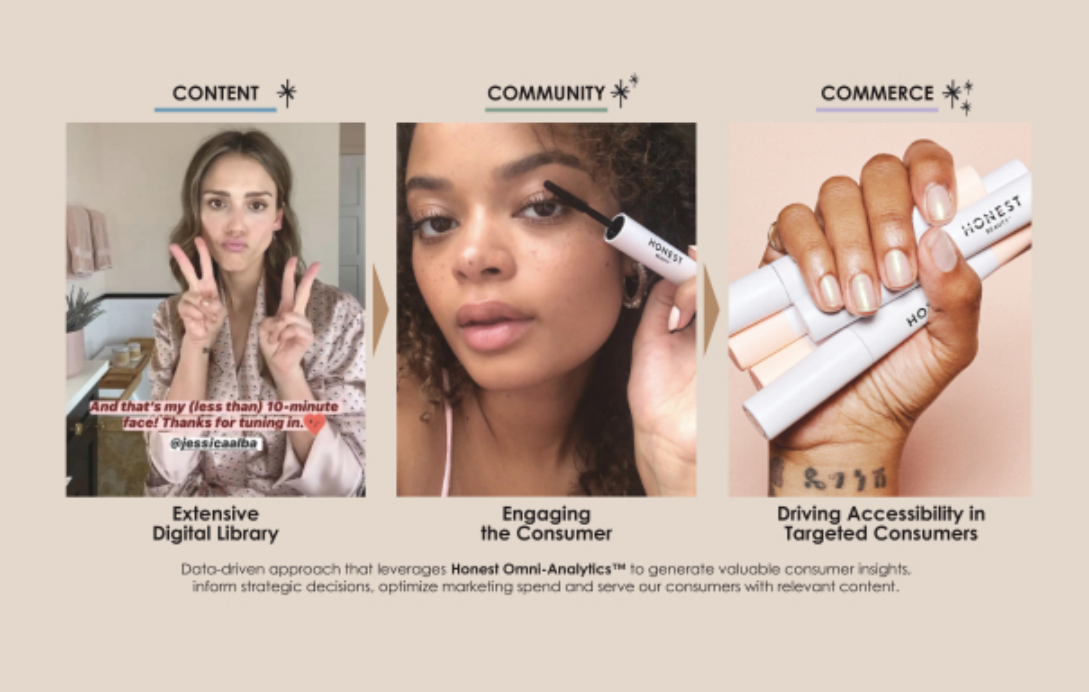
- *Diapers and Wipes.* Our diapers are made with sustainably harvested, totally chlorine-free fluff pulp and other plant-derived materials. Using totally chlorine-free fluff pulp (instead of chlorine bleached fluff pulp or elemental chlorine free fluff pulp) differentiates our diapers from over 90% of diapers produced by leading competitors in the marketplace by volume, including Kimberly-Clark Corporation and Procter & Gamble Company, based on market data for the 52 week period ending December 27, 2020. Our diapers serve as a strategic customer acquisition tool, as new parents often proceed to also purchase wipes and products from our Skin and Personal Care and Household and Wellness categories. According to a third-party study that we commissioned in 2020, nearly 90% of our diaper buyers surveyed have expanded their purchases beyond diapers and nearly half have purchased two or more of our non-diaper products.

- *Skin and Personal Care Products.* We use clean and non-toxic ingredients, including many plant-based ingredients that are ethically sourced and, most-importantly, actually work. We have an extensive line of bath, body, skincare and beauty products designed for a range of skin types and concerns that are certified by trusted experts and institutions including the National Eczema Association. Our products are formulated and toxicologist audited to perform and be safe. For example, our award-winning Extreme Length Mascara + Lash Primer lifts, lengthens and volumizes eyelashes without harmful parabens or paraffins, synthetic fragrances, silicones or mineral oil.

- *Household and Wellness.* We offer clean products that are designed to be safe for the whole family without compromising efficacy. Bestsellers include alcohol wipes, hypoallergenic baby laundry detergent, plant-based hand sanitizer, prenatal vitamins and our recently launched surface disinfecting spray made without chlorine bleach or harmful chemicals. Our disinfecting spray is registered with the U.S. Environmental Protection Agency, or EPA, which means that it meets certain criteria set forth by the EPA which permits the product to be sold in the United States.

Our Marketing Strategy

We employ a variety of dynamic marketing tactics across mediums to reach new and existing consumers. We recognize we live in a digital-first world where consumers interact differently with brands than they did in the past. We have found that our consumer is mobile-first, with approximately 80% of users on Honest.com coming from mobile devices. Accordingly, we strategically lead with digital outreach to engage our consumers directly. We employ emotional and educational brand marketing by creating “snackable” content we share through our owned channels, partnering with influencers and brand ambassadors to create authentic and unique content for their-networks, and pairing it all with our proprietary data analytics to optimize marketing efficiency. Our marketing competencies deliver authentic experiences that drive awareness, engagement, purchases and loyalty.



- *Content Strategy* Our in-house social and influencer teams allow us to have our ear to the ground to understand consumer trends and create content that consumers are seeking. In addition, our internal customer service team continuously monitors consumer reviews and in turn, provides our marketing team with insight into the educational needs of our consumers. We use data-driven insights from our team to produce highly relevant, "snackable" content across a variety of mediums. The topic of our content ranges from hacks that make diaper duty easier, to skincare routines for all ages, to tips on how to effectively sanitize your home. We leverage the invaluable data we gather through our direct connection to consumers to continuously refine our content and personalize it to each unique customer connection point. We also leverage our consumer community in our content strategy, sharing user-generated content, or UGC, on our social channels and other platforms.
- *Community.* Our founder Jessica Alba leads a diverse network of brand ambassadors who personify the Honest lifestyle, inspiring their followers to live consciously via authentic, aspirational peer messaging. Our social media platform presence, with over 43 million followers, inclusive of Honest's four million followers across our social media accounts and Jessica Alba's 39 million followers across social media accounts, creates a community of consumers who want to belong to the Honest world and encourage others to join them.
- *Commerce.* To drive sales, we leverage our robust data and our proprietary Honest Omni-Analytics™ to generate valuable customer insights, inform strategic decisions and optimize our marketing spend across channels. We continuously leverage the insights from our platform to adapt and adjust our marketing allocation and generate maximum return on investment.

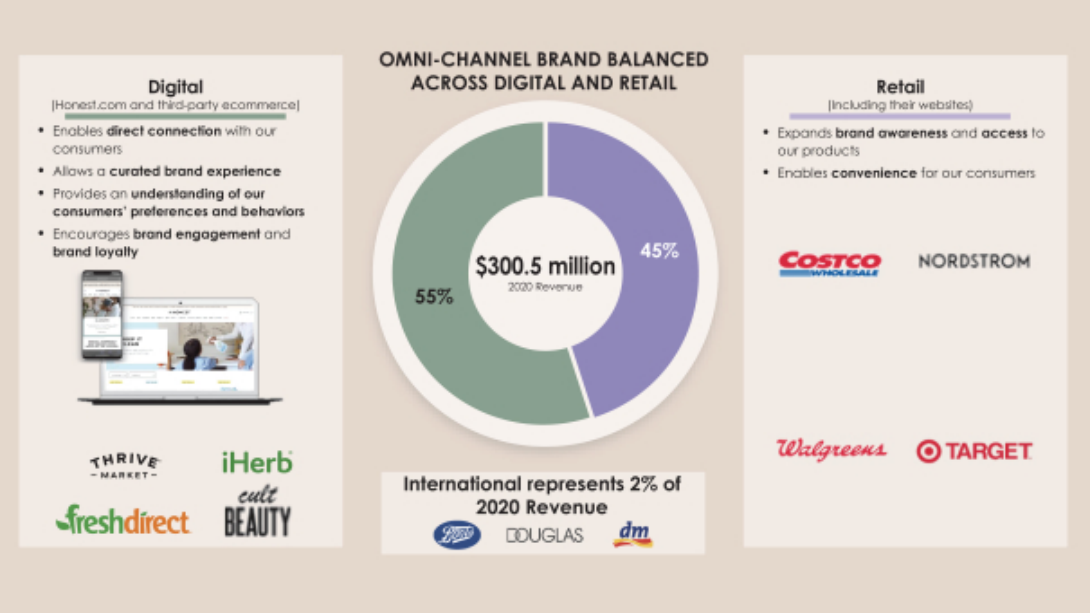
We believe that our differentiated marketing tactics and engaging content drive efficient customer acquisition and retention, resulting in strong repeat rates and attractive customer lifetime values across channels.

Our Integrated Omnichannel Presence

We reach our consumers through a strategic omnichannel approach across complementary Digital and Retail channels to maximize consumers connection, experience and accessibility. Our integrated channel approach

differentiates us from competitors and provides a meaningful benefit to our consumers who can shop our brand however they want, engendering further "stickiness" and loyalty.

- *Digital Channel.* In 2020, we generated 55% of revenue through our Digital channel, which includes our flagship digital platform, Honest.com, and third-party pureplay ecommerce sites. Through Honest.com, we quickly establish a direct relationship with our consumers, to more effectively influence brand experience and better understand consumer preferences and behavior. Our website showcases the entirety of our product portfolio, offers exclusive products and services including our subscription service, houses branded content featured on product detail pages and our blog, and facilitates new product feedback via exclusive pre-launch access across all our channels. In addition to shopping our products a la carte, consumers have the option to subscribe to our popular Diapers and Wipes bundle subscription, as well as customizable single item subscriptions. In 2020, 33% of our revenue was generated from Honest.com. Additionally, we have strong relationships with Amazon and other third-party ecommerce platforms which allow us to further our brand experience, leveraging engaging assets and content featured on Honest.com. We leverage first-party data on Amazon to improve efficiency of our marketing spend and inform our growth strategy. These relationships also enable us to be chosen for important key retailer-specific programs, leading to increased awareness with a new set of consumers. We believe our Digital channel provides our consumers with the highest level of brand experience and further builds consumer loyalty.
- *Retail Channel.* In 2020, we generated 45% of revenue through our Retail channel via strategic partnerships with leading omnichannel retailers that may sell our products through brick and mortar stores or their own websites. Our retail partnerships expand brand awareness and product accessibility, creating meaningful marketing efficiencies as we continue to scale. Additionally, these partnerships support our differentiated value proposition by making our products conveniently accessible in multiple locations where our consumer shops. We enable cross-platform shopping, with over 79% of consumers who originally came into our brand through Honest.com purchasing our products in-store, according to a third-party study commissioned on our behalf. In addition to our presence in the United States, we continue to expand our strategic retail playbook to Europe. In 2019, we launched Honest Beauty with Douglas, the #1 beauty destination in Europe, and have since launched additional categories with other leading European retailers.



Our Purpose-Driven Organization

The spirit of our mission has remained the same since our founding: to inspire everyone to love living consciously. We have a deep sense of purpose and infuse the ethical values of transparency, trust and sustainability in all that we do. From developing products designed to be safe, to working hand in hand with our charity partners to serve those in need, to embracing diversity and inclusion, we are on a mission to create real and meaningful impact.

- *Environmental Sustainability.* Our commitment to environmental sustainability shows up through our product development and packaging processes and in all parts of our business on a daily basis.
  - *We help Mother Earth by saving trees.* 100% of the fluff pulp in our diapers comes from sustainably managed forests. By 2022, we expect that our Honest Beauty cartons will be tree-free paperboard made from agricultural waste like sugar cane stalks. Additionally, we have moved all of our Honest.com shipping cartons to 100% pre-consumer or post-consumer recycled, or PCR, cardboard, and our domestic Honest.com shipments from May 2020 to October 2020 were carbon neutral. We expect our domestic Honest.com shipments to continue to be carbon neutral through the end of 2022.
  - *We keep plastic out of landfills (and oceans).* 100% of our plastic baby personal care and household cleaning bottles are recyclable and we are regularly looking to increase the amount of post-consumer resin plastic in our components. We are eliminating plastic in many of our Honest Beauty products by moving to aluminum tubes, refillable tin compacts and glass jars.
  - *We opt for natural over synthetic whenever possible.* The backsheets of our diapers and the substrate of our baby wipes are 100% plant-based. We expect our Baby Personal Care and Mama Care formulas will be USDA BioPreferred by the end of 2021 (85% of these formulas are already USDA BioPreferred). The alcohol used in our alcohol wipes, hand sanitizer gel and hand sanitizer spray is 100% plant-derived and our fragrances are all 100% natural, never synthetic.
  - *We are always looking to design our products with sustainability in mind.* We have ongoing partnerships with external experts on sustainability, ensuring we are constantly learning about best new sustainability practices and implementing them into new innovation.

- *Social Impact.* We work closely with our charity partners, including Baby2Baby, to provide children and families around the world with the basic essentials and resources they need to live healthy lives. Since inception, we have donated approximately 25 million products to those in need and our compassionate team has volunteered over 18,500 hours giving back to our communities and providing disaster relief.

- *Diversity and Inclusion.* As a company founded by a woman of color, we have always been passionate about ensuring a diverse and inclusive workforce that reflects our consumers and the communities we serve. We are proud to say that as of December 31, 2020, people of color represented nearly half of our workforce and women represented 68% and 53% of our workforce and leadership, which includes director level and above, respectively. We believe the firm commitment to our values will continue to drive our success going forward and that employee engagement is an integral component. We have a strong commitment to the ongoing training and development of our employees through our Honest University program that provides continued growth for employees across topics such as leadership, technical skills, resiliency and many others. Additionally, we currently have three Employee Resource Groups: Women Excelling in Leadership and Living, or WELL, Parents & Friends, and Black Leadership, Allies & Community, or BLAC. WELL supports the personal and professional development of women at Honest. Parents & Friends provides a valuable network of parenting resources and information. BLAC was recently launched with the goal of lifting, engaging and empowering Black voices within The Honest Company and across the community. We have made a commitment to provide training and a platform for important dialogue about diversity, inclusion and equity.

Product Development and Innovation

The Honest Company was born from a simple purpose and intention: to create safe, sustainable, effective and thoughtfully designed products for consumers' individual, everyday needs. With our in-house research and development laboratories and the Honest Standard, our set of guiding principles on ingredient safety and human health, we strive to make that intention a reality. The pillars below represent our overarching product philosophy.

- *Consumer Health, Safety and Well-Being Are Our Top Priorities.* We err on the side of caution when it comes to ingredient selection and are thoughtful and diligent in avoiding chemicals of concern.
- *Breakthrough Clean Formulas Without Compromise.* We believe consumers should not have to choose between what works and what is good for them. We make breakthrough formulas designed and tested to perform with chemicals that meet our stringent safety standards.
- *Exploring and Evolving Our Use of Renewable Resources.* Choosing between what's good for you and the planet doesn't have to be a compromise. We're focused on ingredient and material innovations that prioritize plant-based formulas, sustainable consumption and a lighter environmental footprint.
- *Knowledge is Power.* We believe consumers have a right to know what is in their products and why, regardless of what regulations require. We are committed to providing access to information and education that allows consumers to make the best choices for themselves and their families.

The Honest Standard defines the way we develop, test and create the formulas for our products. It will continue to evolve because our job of making better products is never done and we will always raise the bar for ourselves.

- *Ingredient and Material Assessment.* We emphasize ingredient assessment and carefully choose the ingredients we put into our products and the ones to leave out. We created our NO List™, a list of over 2,500 chemicals and materials we choose not to use in our products, regardless of regulations. The NO List™ is an evolving and ever changing list as new studies emerge. Each and every ingredient we use in our products is carefully and thoughtfully selected for the benefit it provides and is evaluated for its safety and efficacy in use. In this process, we take into account the following:
    - *Susceptibility.* Some people are more susceptible than others, especially babies, who can be more sensitive to chemicals than adults.
    - *Exposure.* The "how" and "how much" is a critical part of determining ingredient safety.

- *Final formulation.* The combination of chemicals matters a lot. Sometimes an ingredient that is caustic by itself may be neutralized by other ingredients. On the flip side, some ingredients can be safe when used alone, but might be dangerous when combined with other ingredients.

There are three essential steps we follow to evaluate the safety and efficacy of our ingredients.

- *Research.* We review epidemiological and experimental studies to examine things like potential dermal toxicity, inhalation toxicity and more. We survey international regulatory and expert opinion restriction lists. Additionally, we incorporate restriction criteria related to carcinogenicity, endocrine disruption, genotoxicity, bioaccumulation, environmental persistence, sensitization, and developmental, reproductive and systemic effects for ingredients.
- *Assessment.* During this phase of the process, we investigate ingredients of potential concern, examine the relationship between dose and effect, and assess what the anticipated exposure would be if used in a product. We pull it all together to characterize the risks associated with the ingredients' potential function in our products.
- *Risk Management.* We look at all the data we've compiled to determine which ingredients make the cut for our formulations. We carefully determine ingredients and their concentrations based on exposure scenarios, material source and safety data to provide you with a product that meets our safety standards.

- *Testing and Validation.* Our clinical and toxicology teams test final products in three different areas: safety, efficacy and integrity.
  - *Safety.* Depending on the product, we will conduct safety testing, gentleness testing and toxicological risk assessment, all based on the products and their intended use.
  - *Efficacy.* Our team of clinical specialists and chemists test efficacy through a variety of methods, such as clinical testing, consumer testing and instrumentation testing. We never test on animals.
  - *Integrity.* Our chemists rigorously test our products at different stages in their lifecycle to ensure they remain high-performing without sacrificing stability. We also work with third-party laboratories to confirm that the preservatives we use will continue to protect the products we develop from microbes encountered in everyday use.
- *Production.* Just as we take great care in the ingredient assessment, formulation and validation process, we look to manufacturing partners who share our commitment to quality. We require that our partners follow Current Good Manufacturing Practices, or cGMPs, for the product being made. These manufacturing practices include:
  - Building to laboratory controls;
  - Controlled documentation and record keeping;
  - Cleaning and safety protocols for the production process; and
  - Reviewing product quality complaints.
- *Packaging.* We are thoughtful about the composition of the materials of our packaging, and continue to focus on improving our use of recycled content and recyclable materials. We will not use certain materials that do not meet our Honest Standard due to their environmental or human health impacts. When weighing one material or design against another, we consider many impacts, ranging from safety to recyclability.
- *Label Transparency.* Label transparency is a cornerstone of our philosophy for empowering consumers to make the right choices for themselves and their family. We strive to adhere to the below guiding principles around label transparency:
  - *Clear and Consistent Labeling.* We list our ingredients, using internationally accepted nomenclature, even when it is not required by law.

- *Never Disguising Ingredients with the Word "Fragrance."* Scents are an important part of our product experience, but we tell you what is inside. The word "fragrance" is often used as a label under which ingredients are hidden, and you deserve to know what goes into your products. We use essential oils and naturally derived ingredients instead.
- *Transparent on What the Product is Made Without™.* We provide a relevant, specific set of ingredients that we choose to leave out, directly on the product label. It's just another way for us to be Honest.

- *Ongoing Evaluation.* The Honest Standard isn't merely a set of practices that fulfills our aspirational principles, it is a reflection of how we are doing business today and our vision for the future. We will always continue to learn, innovate and evolve.

Supply Chain and Operations

We manage a global supply chain of highly qualified, third-party manufacturing and logistics partners to produce and distribute our products. We look to manufacturing partners who share our commitment to quality, cGMPs, sustainability, and design. We conduct quality audits of our third-party manufacturing partners and require that they follow our high standards of controlled documentation, cleaning and safety protocols, and laboratory controls. Our third-party manufacturing partners are located in various locations including the United States, Mexico and China.

Our supply chain team manages these relationships and processes and, with the support of our innovation team, they also research materials and equipment, approve and manage purchasing plans, and oversee product fulfillment. The strength of our relationships with our manufacturing partners is evidenced by our response to supply chain disruptions caused by the COVID-19 pandemic. Despite product and materials shortages in our core markets, we were able to mitigate disruptions and build up sufficient inventory to minimize impact to our consumers when many companies struggled to meet demand.

The primary raw materials and components of our products include sustainably harvested fluff pulp, plant-based substrate in our baby wipes, and other naturally-derived materials. Just as important as what goes into our products, we actively work with suppliers to avoid materials that don't meet our standards but are commonly used by mainstream players including elemental chlorine-free pulp, parabens, paraffins, synthetic fragrances, and mineral oil.

Our distribution network includes four warehouses in Nevada, California, Pennsylvania and the Netherlands with retail and DTC fulfillment capabilities and value-added services operated by GEODIS Logistics LLC, or GEODIS. The warehouse in Las Vegas is a state-of-the-art facility leased by Honest with a focus on automated large scale direct-to-consumer fulfillment. We manage inventory by forecasting demand, analyzing product sell-through, and analyzing our supply chain to ensure sufficient capacity to support demand.

Sustainability is a key component of our supply chain and distribution. We have transitioned to 100% PCR cardboard shipping cartons for our Honest.com shipments and our domestic Honest.com shipments from May 2020 to October 2020 were carbon neutral. We expect our domestic Honest.com shipments to continue to be carbon neutral through the end of 2022. In addition, we are working with our manufacturers to receive shipments made from PCR cardboard.

Competition

The markets in which we operate are highly competitive and rapidly evolving, with many new brands and product offerings emerging in the marketplace. We face significant competition from both established, well-known legacy CPG players and emerging direct-to-consumer brands.

- *Diapers and Wipes.* Select competitors include Kimberly-Clark Corporation (maker of Huggies), Procter & Gamble Company (maker of Pampers, Pampers Pure and Luvs), WaterWipes UC and private label brands.
- *Skin and Personal Care.* Select competitors include Johnson & Johnson Consumer Inc. (maker of Johnson's Baby and Aveeno), The Clorox Company (parent company of Burt's Bees, Inc.), Unilever PLC (maker of Shea Moisture), LVMH Moët Hennessy Louis Vuitton (maker of Benefit Cosmetics LLC), Estée Lauder Inc., L'Oréal S.A. and Pacifica Beauty LLC.
- *Household and Wellness.* Select competitors include The Clorox Company, Reckitt Benckiser Group plc (maker of Lysol) and Unilever PLC (maker of Seventh Generation products).

We compete based on various product attributes including clean formulation, sustainability, effectiveness and design, as well as our ability to establish direct relationships with our consumers through digital channels. We believe that we compete favorably across these factors taken as a whole.

Technology

Since our inception, we have been a leader in digital disruption in the traditional CPG industry. Our technology infrastructure is thoughtfully designed to support our consumer's experience while simultaneously seeking to maximize the efficiency and efficacy of our operations, from procurement through customer relationship management. Our enterprise integration platform is the bedrock of Honest technology integrations. The custom-architected platform enables the Technology team to optimize and integrate new enterprise systems with world-class speed and reliability. This platform enables us to support rapid business expansion and allows for efficient and automated processes throughout the organization.

- *Honest Omni-Analytics™.* Our data science powerhouse, Honest Omni- Analytics™, is at the core of our cross-functional marketing, innovation and content creation operations and is designed to help leverage consumer insights across sales channels and product categories. This tool utilizes data points from customer transactions and interactions that we collect across our DTC and Retail channels, as well as our Baby and Beauty brands. Our experienced team utilizes modern, scalable Software as a Service, or SaaS, based data warehousing, transformation and reporting technologies, to enable us to quickly, efficiently and securely integrate new data sources and provide conception-to-report turnaround in weeks, instead of months. We use these data points to inform our marketing spend and content creation strategy, as well as our product development, assortment, and distribution strategies. We additionally leverage third-party artificial intelligence, or AI, solutions to inform our marketing campaigns, forecast predictions, product recommendations and cross-selling opportunities.
- *Flagship Digital Platform Honest.com Experience.* Our flagship digital platform, Honest.com, is one of the most differentiated and effective features of our brand. Honest.com serves as a premiere destination for our consumers to not only purchase our products, but also immerse themselves in our brand experience. Honest.com is purposely built to bring to life our brand ethos, educate our consumers on our products, engage our community in lifestyle-related content and deliver an intuitive shopping experience that separates us from our competitors. Utilizing our in-house application development team, we are able to rapidly iterate and integrate new technology to support a flagship shopping experience for our consumers including subscription commerce, AI-driven shopping recommendations and a modern customer checkout experience. We believe this ultimately leads to greater conversion rates, increased average order value and more products purchased across categories. In 2020, our conversion rate was up 34% compared to 2019.
- *Customer Service and Relationship Management.* We utilize an internally created customer service organization that focuses on building deep, personal relationships with each individual consumer. Our internal organization delivers targeted information and marketing material, based on consumer' demographics and segmentation. Our business process management tool utilizes automation to maintain our focus on providing an outstanding customer experience.

- *Order Fulfillment Integrity.* At Honest, we use a proprietary transactional tracking and reconciliation system to detect, correct and recover from systemic communication errors during the fulfillment lifecycle, which helps prevent lost or stuck orders.
- *Security.* We value our consumers and do everything we can to maintain their confidence and trust when shopping for Honest.com products through a comprehensive security program. We leverage cybersecurity tools to protect, monitor, anonymize and secure our customer's data from external threats. As an added layer of defense, we also have systems in place that monitor and control internal use of consumer data and restrict unauthorized sharing or retention.
- *Process Improvement.* As a company, we pride ourselves on our willingness to embrace change for the benefit of our consumers. We do this by taking a consumer first approach and challenging our teams to find better ways to optimize and improve each action that contributes to the products and services we offer. This includes reviewing processes, systems, methodologies and organizational structure through cross functional efforts. We leverage our technology to record, plan, approve, execute and review initiatives and discover lessons learned.

We plan to continue developing our technological capabilities to further our focus on being a leading digitally native CPG brand, combining our future-oriented eye for consumer preferences and behaviors and our data driven approach to enable continuous innovation and optimization.

Trademarks and Other Intellectual Property

We protect our intellectual property through a combination of trademarks, domain names, copyrights, trade secrets and patents, as well as contractual provisions and restrictions on access to our proprietary technology. Our principal trademark assets include the trademarks "Honest" and "The Honest Co.," which are registered in the United States and targeted foreign jurisdictions, our logos and taglines, and multiple product brand names. We have applied to register or registered many of our trademarks in the United States and other jurisdictions, and we will pursue additional trademark registrations to the extent we believe they would be beneficial and cost-effective.

We have one patent issued and one patent application pending in the United States and one pending international Patent Cooperation Treaty application. Our issued patent will expire in April 2037. We intend to pursue additional patent protection to the extent we believe it would be beneficial and cost-effective.

We are the registered holder of multiple domestic and international domain names that include "honest" and similar variations. We also hold domain registrations for many of our product names and other related trade names and slogans. In addition to the protection provided by our intellectual property rights, we enter into confidentiality and proprietary rights agreements with our employees, consultants, contractors and business partners. Our employees are also subject to invention assignment agreements. We further control the use of our proprietary technology and intellectual property through provisions in both our customer terms of use on our website and the terms and conditions governing our agreements with other third parties.

Facilities

We lease our corporate headquarters located at 12130 Millennium Drive #500, Los Angeles, California, in a LEED certified building where we occupy approximately 46,518 square feet of office space pursuant to a lease that expires in February 2027. This lease provides us with an option to extend it for up to two consecutive periods of five years each. We also lease a warehouse and distribution facility located in Las Vegas, Nevada where we occupy approximately 570,810 square feet pursuant to a lease that expires in December 2027, with an option to extend this lease for up to two consecutive periods of five years each. Our Las Vegas, Nevada facility is operated by our distribution partner GEODIS. GEODIS also operates three other warehouse and distribution facilities on our behalf located in Fontana, California, Breinigsville, Pennsylvania and the Netherlands. In total, we have over one million square feet of facility space that can be leveraged to fulfill DTC and retail orders. We believe that our current facilities are suitable and adequate to meet our current needs.

Government Regulation

Our cosmetic, over-the-counter drugs, food (infant formula and vitamins/dietary supplements), cleaning products and medical device products are subject to regulation by the Food and Drug Administration, or the FDA. Substantially all of our products are subject to regulation by the Consumer Product Safety Commission, or the CPSC, the EPA, and the Federal Trade Commission, or the FTC, as well as various other federal, state, local and foreign regulatory authorities. These laws and regulations principally relate to the ingredients or components, proper labeling, advertising, packaging, marketing, manufacture, registration, safety, shipment and disposal of our products.

Under the Federal Food, Drug and Cosmetic Act, or the FDCA, cosmetics are defined as articles or components of articles that are applied to the human body and intended to cleanse, beautify or alter its appearance, with the exception of soap. The labeling of cosmetic products is also subject to the requirements of the FDCA, the Fair Packaging and Labeling Act, the Poison Prevention Packaging Act and other FDA regulations. Cosmetics are not subject to pre-market approval by the FDA, however certain ingredients, such as color additives, must be pre-authorized. If safety of the products or ingredients has not been adequately substantiated, a specific warning label is required. Other warnings may also be mandated pursuant to FDA regulations. The FDA monitors compliance of cosmetic products through market surveillance and inspection of cosmetic manufacturers and distributors to ensure that the products neither contain false nor misleading labeling and that they are not manufactured under unsanitary conditions. Inspections also may arise from consumer or competitor complaints filed with the FDA. In the event the FDA identifies false or misleading labeling or unsanitary conditions or otherwise a failure to comply with FDA requirements, we may be required by a regulatory authority or we may independently decide to conduct a recall or market withdrawal of our product or to make changes to our manufacturing processes or product formulations or labels.

If a product is intended for use in the diagnosis, cure, mitigation, treatment or prevention of a disease condition or to affect the structure or function of the human body, the FDA will regulate the product as a drug. Our current products that are intended to treat acne and used as sunscreen, including skin care products with sun protection factor, or SPF, are considered over-the-counter, or OTC, drug products by the FDA. Our OTC products are subject to regulation through the FDA's "monograph" system which specifies, among other things, permitted active drug ingredients and their concentrations. The FDA's monograph system also provides the permissible product claims and certain product labeling requirements, based on the intended use of the product. Our OTC drug products must be manufactured consistent with the FDA's current drug good manufacturing practices requirements, and the failure to maintain compliance with these requirements could require us to conduct recalls, market withdrawal, or make changes to our manufacturing practices.

Our tampon and feminine pad products are regulated as medical devices by FDA and must be manufactured by an establishment registered with FDA and in conformity with applicable regulatory clearances and quality system regulations.

The FDA may change the regulations as to any product category, requiring a change in labeling, product formulation or analytical testing.

We are subject to regulation by the CPSC under the Consumer Product Safety Act, the Flammable Fabrics Act, the Poison Prevention Packaging Act, the Federal Hazardous Substances Act, and other laws enforced by the CPSC. These statutes and the related regulations establish safety standards and bans for consumer products. The CPSC monitors compliance of consumer products under its jurisdiction through market surveillance and has the authority to conduct product safety related inspections of establishments where consumer products are manufactured, held, or transported. The CPSC has the authority to require the recall of noncompliant products or products containing a defect that creates a substantial risk of injury to the public. The CPSC may seek penalties for regulatory noncompliance under certain circumstances. CPSC regulations also require manufacturers of consumer products to report to the CPSC certain types of information regarding products that fail to comply with

applicable regulations, that contain a defect which could create a substantial product hazard, or that create an unreasonable risk of serious injury or death. Certain state laws also address the safety of consumer products and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

Certain of our products are also subject to regulation by the EPA, under the Federal Insecticide, Fungicide, and Rodenticide Act, or FIFRA. FIFRA establishes a system of pesticide, including disinfectant product, regulation to protect applicators, consumers and the environments. Under FIFRA, certain of our cleaning products, including the disinfectant products, may require approval from and registration with the EPA prior to sale. Products subject to FIFRA must comply with specified approval, registration, manufacture, labeling, and reporting requirements, among other requirements. EPA is authorized to take enforcement action to prevent the sale or distribution of no-compliant disinfectant products, including to prevent the sale or distribution of unregistered disinfectants and to prevent the sale or distribution of registered pesticides that are not permitted to make claims permitted by the terms of their registration, among other areas of non-compliance. The EPA may seek penalties for regulatory noncompliance under certain circumstances. Manufacturers subject to FIFRA may also be required to report certain types of information regarding disinfectant products to EPA. Certain state laws may also address requirements applicable to cleaning products, and non-compliance may result in penalties or other regulatory action.

The USDA enforces federal standards for organic production and use of the term “organic” on product labeling. These laws prohibit a company from selling or labeling products as organic unless they are produced and handled in accordance with the applicable federal law.

The FTC, FDA, USDA, EPA, and other government authorities also regulate advertising and product claims regarding the characteristics, quality, safety, performance and benefits of our products. These regulatory authorities typically require a safety assessment of the product and reasonable basis to support any factual marketing claims. What constitutes a reasonable basis for substantiation can vary widely from market to market, and there is no assurance that our efforts to support our claims will be considered sufficient. The most significant area of risk for such activities relates to improper or unsubstantiated claims about the composition, use, efficacy and safety of our products and their environmental impacts. If we cannot adequately support safety or substantiate our product claims, or if our promotional materials make claims that exceed the scope of allowed claims for the classification of the specific product, the FDA, FTC or other regulatory authority could take enforcement action, impose penalties, require us to pay monetary consumer redress, require us to revise our marketing materials or stop selling certain products and require us to accept burdensome injunctions, all of which could harm our business, reputation, financial condition and results of operations.

In addition, the FTC regulates the use of endorsements and testimonials in advertising as well as relationships between advertisers and social media influencers pursuant to principles described in the FTC’s Guides Concerning the Use of Endorsements and Testimonials in Advertising, or the Endorsement Guides. The Endorsement Guides provide that an endorsement must reflect the honest opinion of the endorser and cannot be used to make a claim about a product that the product’s marketer couldn’t itself legally make. They also say that if there is a connection between an endorser and the marketer that consumers would not expect and it would affect how consumers evaluate the endorsement, that connection should be disclosed. Another principle in the Endorsement Guides applies to ads that feature endorsements from people who achieved exceptional, or even above average, results from using a product. If the advertiser doesn’t have proof that the endorser’s experience represents what people will generally achieve using the product as described in the ad, then an ad featuring that endorser must make clear to the audience what results they can generally expect to achieve and the advertiser must have a reasonable basis for its representations regarding those generally expected results. Although the Endorsement Guides are advisory in nature and do not operate directly with the force of law, they provide guidance about what the FTC staff generally believes the Federal Trade Commission Act, or FTC Act, requires in the context using of endorsements and testimonials in advertising and any practices inconsistent with the Endorsement Guides can result in violations of the FTC Act’s proscription against unfair and deceptive practices.

To the extent we may rely on endorsements or testimonials, we will review any relevant relationships for compliance with the Endorsement Guides and we will otherwise endeavor to follow the FTC Act and other legal standards applicable to our advertising. However, if our advertising claims or claims made by our social media influencers or by other endorsers with whom we have a material connection do not comply with the Endorsement Guides or any requirement of the FTC Act or similar state requirements, the FTC and state consumer protection authorities could subject us to investigations and enforcement actions, impose penalties, require us to pay monetary consumer redress, require us to revise our marketing materials and require us to accept burdensome injunctions, all of which could harm our business, reputation, financial condition and results of operations.

We are also subject to a number of U.S. federal and state and foreign laws and regulations that affect companies conducting business on the Internet, including consumer protection regulations that regulate retailers and govern the promotion and sale of merchandise. Many of these laws and regulations are still evolving and being tested in courts, and could be interpreted in ways that could harm our business. These may involve user privacy, data protection, content, intellectual property, distribution, electronic contracts and other communications, competition, protection of minors, consumer protection, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions and online payment services. In particular, we are subject to federal, state, local and international laws regarding privacy and protection of people's data. Foreign data protection, privacy and other laws and regulations can be more restrictive than those in the United States. U.S. federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application, interpretation and enforcement of these laws and regulations are often uncertain, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. In the European Union, the General Data Protection Regulation, or GDPR, has stringent operational requirements relating to the processing of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, increased requirements to erase an individual's information upon request, mandatory data breach notification requirements and higher standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. The GDPR also significantly increases penalties for non-compliance. The California Consumer Privacy Act, or CCPA requires companies that process information on California residents to make new disclosures to consumers about their data collection, use and sharing practices, and allows consumers to opt out of the sale of personal information with third parties and provides a private right of action and statutory damages for data breaches. In addition, California voters recently approved the California Privacy Rights Act of 2020, or CPRA, that goes into effect on January 1, 2023. The CPRA would, among other things, give California residents the ability to limit the use of their sensitive information, provide for penalties for CPRA violations concerning California residents under the age of 16, and establish a new California Privacy Protection Agency to implement and enforce the law. There are also a number of legislative proposals pending before the U.S. Congress, various state legislative bodies and foreign governments concerning privacy and data protection which could affect us. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business, results of operations, and financial condition. If our privacy or data security measures fail to comply with applicable current or future laws and regulations, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data or our marketing practices, fines or other liabilities, as well as negative publicity and a potential loss of business.

Employees and Human Capital Resources

We have a human capital planning process that strategically aligns our business needs with the goal of ensuring that we have the capability and capacity that we need. As of December 31, 2020, we had a total of 191 full-time employees, as well as a limited number of temporary employees and consultants. In building our high-performing teams, we have invested in leadership, marketing, digital and technology capabilities. Embedded in the Honest culture are core values that honor diversity and inclusion, which allow us to attract and retain valuable talent. Honest offers a competitive compensation and benefits program, and our award-winning learning and development platform, Honest University, delivers opportunities for all employees to grow and develop

personally, professionally and financially. Our corporate social responsibility efforts provide opportunities for employees to give back to communities in need through volunteerism, donation matching and paid volunteer time off. We foster an environment of community and support within our organization through our Employee Resource Groups, which offer a safe forum to uplift and develop employee-led initiatives that address issues that matter most to them. As a health and wellness brand, we ensure our employees have competitive benefits and access to a range of wellness offerings to empower them to live healthy, happy lives. We maintain a strong relationship with our employees and have never experienced a labor-related work stoppage.

Legal Proceedings

We are subject to various legal proceedings and claims that arise in the ordinary course of our business. Although the outcome of these and other claims cannot be predicted with certainty, we do not believe the ultimate resolution of the current matters will have a material adverse effect on our business, financial condition, results of operations or prospects.

MANAGEMENT

The following table sets forth information for our executive officers and directors as of April 9, 2021:

Name	Age	Position
Executive Officers:		
Nikolaos Vlahos	53	Chief Executive Officer and Director
Jessica Alba	39	Chief Creative Officer and Chair of the Board of Directors
Donald Frey	61	Chief Innovation Officer
Janis Hoyt	64	Chief People Officer
Kelly Kennedy	52	Executive Vice President, Chief Financial Officer
Glenn Klages	63	Executive Vice President, Supply Chain
Jasmin Manner	53	Chief Commercial Officer
Sharareh Parvaneh	52	Chief Information Officer
Rick Rexing	62	Chief Revenue Officer
Brendan Sheehey	43	General Counsel
Non-Employee Directors:		
Katie Bayne	54	Director
Scott Dahnke	55	Director
Susan Gentile	54	Director Nominee*
Eric Liaw	43	Director
Jeremy Liew	49	Director
Avik Pramanik	36	Director

* To be appointed to our board of directors effective upon the effectiveness of the registration statement of which this prospectus forms a part.

Executive Officers

Nikolaos Vlahos has served as our Chief Executive Officer and as a member of our board of directors since March 2017. Prior to joining us, from September 2014 to March 2017, Mr. Vlahos served as Executive Vice President and Chief Operating Officer – Household, Lifestyle and Core Global Functions of The Clorox Company, a global manufacturer of consumer products, where he was responsible for the Charcoal, Glad, Cat Litter, Food, Brita and Burt's Bees business operating units as well as the company's Marketing, Sales, Product Supply and Research and Development functions. Mr. Vlahos initially joined The Clorox Company in 1995 as a Chicago regional sales manager and held numerous roles within The Clorox Company's sales and marketing organization before serving as Vice President – General Manager, Burt's Bees from April 2011 to February 2013 and Vice President – General Manager, Laundry, Brita and Green Works from March 2009 to February 2011. Before joining The Clorox Company, Mr. Vlahos worked at Helene Curtis where he assisted in the development of brands such as Degree and Suave. Mr. Vlahos holds a B.A. degree in telecommunications from Indiana University. We believe that Mr. Vlahos is qualified to serve on our board of directors due to his knowledge of our Company gained from his position as Chief Executive Officer, as well as his over 30 years of experience in the consumer packaged goods industry.

Jessica Alba is one of our founders and has served as our Chief Creative Officer since our incorporation in July 2011 and as Chair of our board of directors since May 2018. Ms. Alba is a globally recognized and influential Mexican-American business leader, entrepreneur, advocate, actress, and New York Times bestselling author. Ms. Alba serves on the board of directors of Baby2Baby, a charitable organization that provides diapers, clothes and other basic necessities to children living in poverty. We believe that Ms. Alba is qualified to serve on our board of directors due to her knowledge and insights in founding and developing our company in addition to her industry experience and knowledge.

Donald Frey has served as our Chief Innovation Officer since June 2017. Prior to joining us, from June 2016 to June 2017, Mr. Frey served as Vice President WW Research and Development at JAFRA Cosmetics International, Inc. where he oversaw research and development for Skin Care, Color Cosmetics, Fine Fragrances and Personal Care Products. Prior to joining JAFRA, Mr. Frey served as Principal Consultant at Don Frey Consulting from April 2013 to June 2016, where he advised companies on new product development and CPG industries in Brazil, and as Vice President Product Development at Method Products Inc. from January 2008 to April 2013, where he developed sustainable cleaning and personal care products and packages. Prior to that, Mr. Frey served as Vice President Research and Development at Avon Products, Inc. from January 1999 to May 2006, Vice President Research and Development at JAFRA Cosmetics International, Inc. from September 1994 to September 1998 and in several product development roles at Procter & Gamble from March 1986 to September 1994. Mr. Frey holds a B.S. in Chemical Engineering from Rice University.

Janis Hoyt has served as our Chief People Officer since May 2017. Prior to joining us, Ms. Hoyt served as Vice President of Human Resources, or HR, at Blue Shield of California and was responsible for driving people strategies, talent acquisition, HR business partners and leadership roles in merger and acquisition projects. Prior to joining Blue Shield of California, from July 2008 to June 2013, Ms. Hoyt served as HR Director at The Clorox Company. She held senior HR leadership roles supporting the sales, technology and legal departments. She also held the role of HR Director for The Clorox Company in Latin America and Europe, driving international people initiatives. Prior to that, Ms. Hoyt served as Sr. HR Business Partner at Aetna from May 1997 to June 2008 and Regional HR Manager at Macy's West from May 1994 to May 1997. Ms. Hoyt is a certified executive coach through the Institute of Professional Excellence in Coaching (IPEC). Ms. Hoyt is the CEO and founder of the Native American Bear Foundation, a private 501(c)(3) organization whose mission is to inspire and assist Native American students pursuing higher educational opportunities. Ms. Hoyt holds a B.A. in Sociology from University of California, Berkeley, an M.A. in Human Resources and Organizational Development from the University of San Francisco, and a Certificate of Management Excellence from the Harvard Business School Executive Education program.

Kelly Kennedy has served as our Executive Vice President, Chief Financial Officer since January 2021. Prior to joining us, from September 2018 to January 2021, Ms. Kennedy served as Chief Financial Officer of Bartell Drugs, a family-owned pharmacy chain. Ms. Kennedy has served on the board of directors of Vital Farms Inc. since December 2019 and FirstFruits Farms LLC since December 2019. Prior to that, Ms. Kennedy served on the board of directors of Sur La Table, Inc. from September 2018 to November 2020 and served as the Chief Financial Officer of Sur La Table, Inc. from June 2015 to September 2018, as the Chief Financial Officer of See's Candies from January 2014 to June 2015 and as the Chief Financial Officer and Treasurer of Annie's Inc. from August 2011 to November 2013. Ms. Kennedy has also served in various roles at Revolution Foods, Inc., Established Brands, Inc., Serena & Lily Inc., Forklift Brands, Inc., Elephant Pharm, Inc., Williams-Sonoma, Inc. and Dreyer's Grand Ice Cream Holdings, Inc. Ms. Kennedy received her M.B.A. from Harvard Business School and her B.A. in Economics from Middlebury College.

Glenn Klages has served as our Executive Vice President, Supply Chain since April 2018. Prior to joining us, from January 2014 to March 2018, Mr. Klages served as Chief Operations Officer at Arbonne International LLC, where he led the operations team on matters related to demand planning, procurement, and logistics. From March 2010 to December 2013, Mr. Klages served as Senior Vice President Supply Chain at Philosophy, Inc., where he developed strategy and oversaw execution for the supply chain team. Prior to his time at Philosophy, Mr. Klages served as SVP Supply Chain Operations at Carter's, Inc. from June 2002 to November 2004 and Vice President Supply Chain Operations at Bath & Body Works, LLC from September 1996 to June 2002. Mr. Klages holds a B.A. in Business Administration from Lycoming College and an M.B.A. from Fairleigh Dickinson University-Florham Campus.

Jasmin Manner has served as our Chief Commercial Officer since August 2019. Prior to joining us, from December 2016 to June 2019, Ms. Manner served as General Manager and Chief Marketing Officer at High Ridge Brands, where she led three strategic business units, Hair Care, Skin Cleansing and Oral Care. Prior to

joining High Ridge Brands, Ms. Manner served as Senior Vice President of Marketing and Innovation at Diageo from September 2015 to November 2016, where she led the Marketing and Commercial strategies of Diageo's reserve, Premium and Emerging portfolios for some 44 markets across Latin America and the Caribbean. She held numerous roles at Henkel from 1998 to 2014, including most recently as Senior Vice President and General Manager – Personal Care North America. Ms. Manner earned her BSc. from the Berufsakademie Mannheim in her native Germany. She also holds a graduate degree Dipl.-Kauffrau from Eberhard-Karls-Universität Tübingen, Germany, and an M.B.A. from Université de Nice-Sophia Antipolis, France.

Sharareh Parvaneh has served as our Chief Information Officer since January 2019. Prior to joining us, from October 2017 to December 2018, Ms. Parvaneh served as Chief Information Officer at SC Fuels, where she was responsible for the strategic management and direction of the company's Information Technology, IT, resources and network infrastructure, focusing on network security, talent management, and digital transformation. Prior to joining SC Fuels, Ms. Parvaneh served as Global Strategy Leader at Multi-Fineline Electronix, Inc. (a DSBJ Company) from May 2017 to September 2017, where she oversaw mergers and acquisition efforts with focus on IT systems, integration and consolidation, and as Chief Information Officer at The Alpert Group, LLC from 2013 to 2016, where she was responsible for corporate IT across multiple subsidiaries, including IT Strategy, enterprise applications, DevOps, infrastructure, operations, IT risk management and compliance. Prior to that, Ms. Parvaneh served as Chief Information Officer at RED Digital Cinema from 2009 to 2013, Director and VP of Information Technology at Volt Information Services from 2006 to 2009, Information Technology Manager at Multi-Fineline Electronix, Inc. from 2001 to 2006 and Lead Business Analyst at IBM from 1998 to 2001. Ms. Parvaneh holds a B.S.C. in Applied Sciences from Western Sydney University.

Rick Rexing has served as our Chief Revenue Officer since September 2017. Prior to joining us, from July 1987 to July 2017, Mr. Rexing worked for The Clorox Company serving as Vice President Sales, National Accounts for over half of his career. At The Clorox Company he held numerous positions in sales and the customer organization building business across all channels and categories, creating customer teams and setting sales policy. Mr. Rexing holds a B.S. in Marketing/Management from Indiana State University – Evansville (now University of Southern Indiana) and an M.B.A. from Xavier University.

Brendan Sheehey has served as our General Counsel since June 2020. Prior to joining us, from October 2018 to June 2020, Mr. Sheehey served as General Counsel and Corporate Secretary at Targus International LLC, where he led the company's legal department and oversaw its corporate governance. Prior to joining Targus, from January 2016 to October 2018, Mr. Sheehey served as Associate General Counsel at Arbonne International LLC, where he provided legal support to the company's product development and marketing, international expansion, commercial contracts, and mergers and acquisitions efforts. Prior to that, Mr. Sheehey served as Counsel at Sidley Austin LLP from July 2015 to January 2016, where he represented clients in FTC regulatory matters and as Corporate Counsel at Corinthian Colleges from September 2011 to July 2015, where he handled litigation and insurance matters. From September 2006 to September 2011, Mr. Sheehey served as an Associate at Sidley Austin LLP. Mr. Sheehey holds a B.A. in Geography from U.C. Santa Barbara, an M.A. in Geography from the University of South Carolina and a J.D. from University of California, Hastings College of the Law.

Non-Employee Directors

Katie Bayne has served as a member of our board of directors since October 2018. Since February 2019, Ms. Bayne has served as a Senior Advisor with Guggenheim Securities, the investment banking and capital markets division of Guggenheim Partners. Since March 2018, Ms. Bayne has also served as founder and President of Bayne Advisors, an advisory firm that helps brands and businesses find their strategic identities, drive sustained consumer engagement and innovate for transformative results. Prior to serving in her current roles, from 1989 to 2018, Ms. Bayne served in numerous roles at The Coca-Cola Company focused on consumer strategy, retail marketing and consumer marketing in the United States, Australia and globally, most recently

serving as the company's President, North America Brands, from 2013 to 2015 and Senior Vice President, Global Center, from 2015 to 2018. Ms. Bayne previously served as a member of the board of directors for Ascena Retail Group, Inc., Ann Inc. and Beazer Homes USA. Ms. Bayne currently serves as a member of the board of directors for Acreage Holdings, Inc., a publicly traded company. Ms. Bayne is also a member of the board of trustees of the American Film Institute and the Fuqua School of Business at Duke University. Ms. Bayne holds a B.A. in Psychology from Duke University and an M.B.A. from Duke University's Fuqua School of Business. We believe that Ms. Bayne is qualified to serve on our board of directors due to her strong background in consumer strategy, retail and consumer marketing and brand management.

Scott Dahnke has served as a member of our board of directors since June 2018. Since January 2016, Mr. Dahnke has served as Co-Chief Executive Officer of *L* Catterton, a consumer-focused private equity firm, after previously serving as Managing Partner from February 2003 to December 2015. Prior to joining *L* Catterton, Mr. Dahnke was Managing Director of Deutsche Bank Capital Partners, the former private equity division of Deutsche Bank AG, from 2002 to 2003, and Managing Director of AEA Investors from 1998 to 2002. Previously, Mr. Dahnke was Chief Executive Officer of infoGROUP (formerly known as Info USA), a provider of data and data-driven marketing services, from 1997 to 1998. Prior to joining infoGROUP, Mr. Dahnke served clients on an array of strategic and operational issues as a Partner at McKinsey & Company. Mr. Dahnke's early career also includes experience in the Merger Department of Goldman, Sachs & Co. and with General Motors. Mr. Dahnke currently serves as a member of the board of directors of the following publicly traded companies: Williams-Sonoma, Inc. and Vroom, Inc. Mr. Dahnke is also a member of the board of directors of several private companies. Mr. Dahnke holds a B.S. in Mechanical Engineering from the University of Notre Dame and a M.B.A. from Harvard Business School. We believe that Mr. Dahnke is qualified to serve on our board of directors due to his experience in private equity investment and expertise in the ecommerce, retail and consumer products industry, as well as his experience serving as a director of several companies.

Susan Gentile has been nominated to serve on our board of directors. Ms. Gentile is the Chief Financial and Administrative Officer at H.I.G. Capital Management, LLC. Prior to joining H.I.G. Capital Management in May 2018, Ms. Gentile served as Managing Director and Chief Accounting Officer at Oaktree Capital Management, a global alternative investment firm, from October 2013 to March 2018. Ms. Gentile also held various management roles at The Clorox Company from March 2006 to September 2013. Prior to joining The Clorox Company, Ms. Gentile served in roles at Levi Strauss & Co., Motorola, Inc. and Deloitte & Touche LLP. Ms. Gentile holds a B.S.B.A. in Finance from Boston University and is a Certified Public Accountant. We believe that Ms. Gentile is qualified to serve on our board of directors due to her financial expertise and experience working with consumer product brands.

Eric Liaw has served as a member of our board of directors since November 2013. Since March 2011, Mr. Liaw has served in several roles at Institutional Venture Partners, a venture capital firm, where he currently serves as a General Partner. From August 2003 to January 2011, Mr. Liaw served in several roles at Technology Crossover Ventures, a venture capital firm, including most recently as a Vice President. Mr. Liaw serves on the boards of directors of a number of privately held companies. Mr. Liaw holds an A.B. in Economics, with a minor in Computer Science, and a M.S. in Management Science and Engineering from Stanford University. We believe that Mr. Liaw is qualified to serve on our board of directors due his financial and investment expertise, including his particular focus in the growth of startups in the internet retail space.

Jeremy Liew has served as a member of our board of directors since September 2011. Since March 2006, Mr. Liew has served as a Partner at Lightspeed Venture Partners, a venture capital firm. Prior to joining Lightspeed, Mr. Liew served as a General Manager at Netscape from January 2004 to November 2005, as Senior Vice President of Corporate Development and Office of the Chairman at AOL from October 2002 to December 2003 and as VP Strategic Planning at Interactive Corp from June 1999 to October 2002. Prior to joining Interactive Corp, Mr. Liew served in roles at CitySearch and McKinsey & Co. Mr. Liew currently serves as a member of the board of directors of Affirm Holdings, Inc., a publicly traded company. Mr. Liew graduated with honors with a B.Sc. in Mathematics and a B.A. in Linguistics from the Australian National University, and with

an M.B.A. from Stanford Business School. We believe that Mr. Liew is qualified to serve on our board of directors due to his extensive technology investment experience and his prior experience as an executive.

Avik Pramanik has served as a member of our board of directors since June 2018. Mr. Pramanik is a Partner at *L* Catterton, a consumer-focused private equity firm. Prior to joining *L* Catterton in September 2011, Mr. Pramanik served as Director of Strategic Development at Alterna Haircare, a prestige branded haircare company, from January 2011 to June 2011, as an Associate at TSG Consumer Partners, a middle-market private equity firm, from July 2009 to June 2011, and as an Analyst at Goldman Sachs, where he worked in the Investment Banking Division's Consumer Products and Retail group and in the Principal Investment Area, from June 2006 to June 2009. Mr. Pramanik serves on the boards of directors of a number of privately held companies. Mr. Pramanik holds a B.S.B.A. in Finance from Georgetown University. We believe that Mr. Pramanik is qualified to serve on our board of directors due to his experience as an investor in high growth consumer product brands and knowledge of the beauty, personal care and specialty retail categories.

Family Relationships

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

Composition of Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. We currently have seven directors and effective at the time of effectiveness of the registration statement of which this prospectus forms a part, such number will increase to directors. All of our directors currently serve on the board of directors pursuant to the provisions of a voting agreement between us and several of our stockholders. The voting agreement will terminate upon the completion of this offering, after which there will be no further contractual obligations regarding the election or designation of our directors. Our current directors will continue to serve as directors until their resignation, removal or successor is duly elected.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation that will be in effect immediately prior to the completion of this offering, immediately prior to this offering, our board of directors will be divided into three classes with staggered three-year terms. 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:

- the Class I directors will be Scott Dahnke, Eric Liaw and Jeremy Liew, whose terms will expire at the first annual meeting of stockholders to be held following the completion of this offering;
- the Class II directors will be Jessica Alba, Avik Pramanik and Nikolaos Vlahos, whose terms will expire at the second annual meeting of stockholders to be held following the completion of this offering; and
- the Class III director will be Katie Bayne and Susan Gentile, whose terms will expire at the third annual meeting of stockholders to be held following 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

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning her or his background, employment and affiliations, our board of directors has determined that none of our directors, other than Nikolaos Vlahos and Jessica Alba, has any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under The Nasdaq Stock Market LLC listing standards. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director and the transactions described in the section titled "Certain Relationships and Related Party Transactions."

Committees of Our Board of Directors

Our board of directors has established a compensation committee, and will establish an audit committee and a nominating and corporate governance committee prior to the completion of this offering. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

Effective at the time of effectiveness of the registration statement of which this prospectus forms a part, our audit committee will consist of Katie Bayne, Susan Gentile and Eric Liaw. Our board of directors has determined

that each member of the audit committee satisfies the independence requirements under The Nasdaq Stock Market LLC listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee will be Susan Gentile, who our board of directors has determined is an "audit committee financial expert" within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector.

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;
- helping to maintain and foster an open avenue of communication between management and 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 registered public accounting firm, 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 its 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 to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of The Nasdaq Stock Market LLC.

Compensation Committee

Effective at the time of effectiveness of the registration statement of which this prospectus forms a part, our compensation committee will consist of Katie Bayne, Eric Liaw and Avik Pramanik. The chair of our compensation committee will be Katie Bayne. Our board of directors has determined that each member of the compensation committee is independent under The Nasdaq Stock Market LLC listing standards and a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act.

The principal duties and responsibilities of our compensation committee include, among other things:

- approving the retention of compensation consultants and outside service providers and advisors;
- reviewing and approving, or recommending that our board of directors approve, the compensation, individual and corporate performance goals and objectives and other terms of employment of our executive officers, including evaluating the performance of our chief executive officer and, with his assistance, that of our other executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our equity and non-equity incentive plans;

- reviewing our practices and policies of employee compensation as they relate to risk management and risk-taking incentives;
- reviewing and evaluating succession plans for the executive officers;
- 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 will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of The Nasdaq Stock Market LLC.

Nominating and Corporate Governance Committee

Effective at the time of effectiveness of the registration statement of which this prospectus forms a part, our nominating and corporate governance committee will consist of Jeremy Liew and Avik Pramanik. The chair of our nominating and corporate governance committee will be . Our board of directors has determined that each member of the nominating and corporate governance committee is independent under The Nasdaq Stock Market LLC listing standards.

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;
- approving the retention of director search firms;
- 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;
- evaluating the adequacy of our corporate governance practices and reporting; and
- overseeing an annual evaluation of the board's performance.

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

Code of Conduct

In connection with this offering, we intend to adopt a Code of Conduct that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Conduct will be posted on our website at www.honest.com. We intend to disclose on our website any future amendments of our Code of Conduct or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Conduct. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee are currently, or have been at any time, one of our executive officers or employees. None of our executive officers currently serve, or have 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

During the fiscal year ended December 31, 2020, we did not pay cash or equity-based compensation to any of our non-employee directors for service on our board of directors, except for a $75,000 annual cash retainer paid to Ms. Bayne. We have reimbursed and will continue to reimburse all of our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

Mr. Vlahos, our Chief Executive Officer and a member of our board of directors, and Ms. Alba, our Chief Creative Officer and Chair of our board of directors, did not receive any additional compensation for their service on the board of directors. Their compensation as a named executive officer is set forth below under "Executive Compensation—Summary Compensation Table."

As of December 31, 2020, none of our non-employee directors held any outstanding option awards or other stock awards to purchase or to be issued our common stock, except for an option to purchase 60,000 shares of our common stock held by Ms. Bayne.

We intend to adopt a non-employee director compensation policy in connection with this offering on terms to be determined by our board of directors. Under the non-employee director compensation policy, our non-employee directors will be eligible to receive the following compensation for service on our board of directors and committees of our board of directors on and following the completion of this offering:

- an annual cash retainer of $;
- an additional annual cash retainer of $, $ and $ for service as a member of the audit committee, compensation committee and the nominating and corporate governance committee, respectively;
- an additional annual cash retainer of $, $ and $ for service as chair of the audit committee, compensation committee and the nominating and corporate governance committee, respectively;
- an initial option grant to purchase shares of our common stock on the date of each such non-employee director's appointment to our board of directors; and
- an annual option grant to purchase shares of our common stock on the date of each of our annual stockholder meetings.

Each of the option grants described above will be granted under our 2021 Plan, the terms of which are described in more detail below under the section titled "Executive Compensation—Employee Benefit Plans—2021 Equity Incentive Plan." Each such option grant will have a per share exercise price equal to 100% of the fair market value of a share of our common stock on the option's grant date and will vest and become exercisable subject to the non-employee director's continuous service to us as follows: . The term of each option will be 10 years, subject to earlier termination as provided in the 2021 Plan.

In the event of our change in control (as defined in the 2021 Plan), each non-employee director's then-outstanding equity awards granted under the non-employee director compensation policy will become fully vested immediately prior to the closing of the change in control, provided that he or she remains in continuous service until immediately prior to the closing of the change in control.

In addition, the non-employee director compensation policy will provide that the aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including awards granted and cash fees paid by us to such non-employee director, will not exceed $ in total value, except such amount will increase to $ for the first year for newly appointed or elected non-employee directors.

EXECUTIVE COMPENSATION

Our named executive officers for the year ended December 31, 2020, consisting of our principal executive officer and the next two most highly compensated executive officers, were:

- Nikolaos Vlahos, our Chief Executive Officer;
- Jessica Alba, our Chief Creative Officer; and
- Rick Rexing, our Chief Revenue Officer.

2020 Summary Compensation Table

The following table presents all of the compensation awarded to or earned by our named executive officers for the year ended December 31, 2020.

Name and Principal Position	Salary ($)	Bonus ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
Nikolaos Vlahos	803,942	4,032,659	1,462,059	448,000	54,247	6,800,907
Chief Executive Officer						
Jessica Alba	503,846	1,417,714	129,000	280,000	153	2,330,713
Chief Creative Officer						
Rick Rexing	298,346	786,598	535,259	179,543	19,517	1,819,263
Chief Revenue Officer						

(1) Reflects bonuses paid to our named executive officers during 2020 for his or her contributions toward the success of the company in preparing for an initial public offering and a retention bonus installment payment of $50,000 made to Mr. Rexing in 2019 but for which the performance condition was satisfied in 2020. See "—Narrative to the Summary Compensation Table —Bonuses" below for a description of the material terms pursuant to which this compensation was awarded.

(2) Amounts reported represent (i) the aggregate grant date fair value of the stock options granted to our named executive officers during 2020 under our 2011 Plan, and (ii) the incremental fair value related to the modification of the vesting schedules of certain stock options held by our named executive officers during 2020, in each case computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value and incremental fair value of the stock options reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officer.

(3) The amounts in this column reflect cash incentive payments earned by our named executive officers under our 2020 Executive Annual Incentive Plan, or 2020 AIP. See "—Narrative to the Summary Compensation Table—Non-Equity Incentive Plan Compensation" below for a description of the material terms pursuant to which this compensation was awarded.

(4) Represents (i) for Mr. Vlahos, $11,400 for matching contributions made by us under our 401(k) plan, $17,764 for medical plan premiums paid by us, $6,381 for dental, vision and life insurance policy premiums paid by us, $12,000 in financial planning services paid by us, $6,343 in tax gross-ups for such financial planning services, $235 in gifts and $124 in tax gross-ups for such gifts; (ii) for Ms. Alba, $100 in gifts and $53 in tax gross-ups for such gifts; and (iii) for Mr. Rexing, $11,400 for matching contributions made by us under our 401(k) plan, $7,807 for medical, dental and vision policy premiums paid by us, $235 in gifts and $75 in tax gross-ups for such gifts.

Narrative to the Summary Compensation Table

Annual Base Salary

Our named executive officers receive an annual base salary to compensate them for services rendered to us. The base salary payable to each named executive officer is intended to provide a fixed component of

compensation reflecting the executive's skill set, experience, role and responsibilities. None of our named executive officers is currently party to an employment agreement or other agreement or arrangement that provides for automatic or scheduled increases in base salary. The 2020 annual base salaries for our named executive officers were as follows: (1) $775,000 for Mr. Vlahos from January 1, 2020 to January 31, 2020 and $800,000 from February 1, 2020 to December 31, 2020, (2) $500,000 for Ms. Alba, and (3) $275,000 for Mr. Rexing from January 1, 2020 to July 3, 2020 and $305,000 from July 4, 2020 to December 31, 2020. In January 2021, our compensation committee approved an increase to Mr. Vlahos' annual base salary from $800,000 to $825,000 and an increase to Mr. Rexing's annual base salary from $305,000 to $320,000.

Bonuses

IPO Preparation Bonuses

In December 2020, we entered into liquidity event bonus agreements with our named executive officers. Pursuant to these agreements, we paid each of our named executive officers a bonus, less applicable tax withholdings, in December 2020, for his or her contributions toward the success of the company in preparing for an initial public offering. The amounts of these bonuses were as follows: (1) $4,032,659 for Mr. Vlahos, (2) $1,417,714 for Ms. Alba, and (3) $736,598 for Mr. Rexing. In addition, each of our named executive officers is eligible to receive a separate bonus upon a liquidity event (including upon the completion of this offering) as described in the section titled "Potential Payments and Benefits upon Termination or Change of Control."

Retention Bonus

Mr. Rexing's current offer letter with us provides that Mr. Rexing is eligible to receive a cash retention bonus of $200,000 in the aggregate, payable in four annual installments of $50,000, starting in November 2017. If Mr. Rexing voluntarily resigns or we terminate his employment for cause before September 18, 2021, he will be required to reimburse us for any portion of the retention bonus previously paid to him during the previous twelve months prior to such termination. The third installment of Mr. Rexing's retention bonus was paid to him in November 2019 and ceased to be subject to the reimbursement condition described above in November 2020. The fourth and final installment of the retention bonus was paid to Mr. Rexing in October 2020 and will cease to be subject to the reimbursement condition on October 30, 2021, so long as Mr. Rexing does not voluntarily resign or terminate employment for cause before then.

Non-Equity Incentive Plan Compensation

We develop an annual cash incentive program for our executive leadership team annually to incentivize our executives to achieve and exceed targeted short-term corporate goals and team or individual objectives, and to ensure that our executive pay program remains competitive.

In January 2020, our compensation committee adopted our 2020 AIP for the 2020 calendar year. Under our 2020 AIP, each of our named executive officers was eligible to receive a cash incentive payment equal to (1) his or her target incentive, as a percentage of annual base salary, multiplied by (2) the percentage achievement of certain 2020 corporate goals established by our compensation committee in its sole discretion, subject to the named executive officer remaining employed by us through the payment date and no termination notice having been provided by either the named executive officer or us prior to such date.

For 2020, our compensation committee set the target annual incentive opportunity for Mr. Vlahos at 40% of his annual base salary, for Ms. Alba at 40% of her annual base salary and for Mr. Rexing at 40% of his annual base salary. The corporate goals used for purposes of the 2020 AIP included revenue and adjusted EBITDA. Our compensation committee determined that the percentage achievement of the applicable corporate goals was 140%. As a result, our compensation committee approved a cash incentive payment for each named executive officer as reflected in the column of the Summary Compensation Table above entitled "Non-Equity Incentive Plan Compensation." Each named executive's cash incentive award for 2020 was paid to him or her, less

applicable tax withholdings, in February 2021. In January 2021, our compensation committee approved an increase to Mr. Vlahos' target annual incentive opportunity from 40% of his annual base salary to 50%.

Modification of Option Vesting Schedules

In September 2018, we granted each of Mr. Vlahos and Ms. Alba a stock option to purchase 600,000 shares of our common stock (or 200,000 shares of our common stock in the case of Ms. Alba) under our 2011 Plan. Pursuant to the respective stock option agreements governing these options, (i) 300,000 shares of common stock (or 100,000 shares of common stock in the case of Ms. Alba) subject to the option vest on a monthly basis for 48 months from the grant date, (ii) 150,000 shares of common stock (or 50,000 shares of common stock in the case of Ms. Alba) subject to the option vest upon the occurrence of a "Qualifying Liquidity Event" in which the fair market value per share of our common stock is at least two (2) times the per share exercise price of the option, as determined by our board of directors, subject to continued service to us through such event, and (iii) 150,000 shares of common stock (or 50,000 shares of common stock in the case of Ms. Alba) subject to the option vest as follows: 50% vest upon the occurrence of a revenue achievement and 50% vest upon the occurrence of an adjusted EBITDA achievement, in each case subject to the executive's continued employment through each such date. "Qualifying Liquidity Event" means the first to occur of: (1) a change in control (as defined in the executive's employment agreement) or (2) the effective date of a registration statement filed under the Securities Act for the sale of our common stock.

In addition, the respective stock option agreements provide that (i) with respect to the 300,000 shares of common stock (or 100,000 shares of common stock in the case of Ms. Alba) subject to monthly vesting, (A) in the event of the executive's involuntary termination without cause or the executive's resignation for good reason within three months before or twelve months following a change of control, the vesting of such shares will be accelerated in full and (B) in the event of the executive's involuntary termination without cause or the executive's resignation for good reason outside of such change of control period, the vesting of such shares equal to the number of shares, if any, that would have vested during the twelve-month period following such termination or resignation will be accelerated, and (ii) with respect to the 150,000 shares of common stock (or 50,000 shares of common stock in the case of Ms. Alba) subject to revenue and adjusted EBITDA achievement-based vesting, in the event of a Qualifying Liquidity Event, the vesting of such shares will be accelerated in full. In February 2020, we approved an amendment to Mr. Vlahos' and Ms. Alba's stock options granted in September 2018 in order to better align senior management equity incentives to our business strategy, such that the revenue and adjusted EBITDA achievement-based vesting schedule applicable to 150,000 shares of common stock (or 50,000 shares of common stock in the case of Ms. Alba) was replaced with vesting upon the occurrence of a Qualifying Liquidity Event in which the fair market value per share of our common stock is at least one-half (1.5) times the per share exercise price of the option, as determined by our board of directors, subject to continued service to us through such event.

Equity-Based Incentive Awards

Our equity award program is the primary vehicle for offering long-term incentives to our executives. We believe that equity awards provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. To date, we have used stock option grants for this purpose because we believe they are an effective means by which to align the long-term interests of our executive officers with those of our stockholders. The use of options also can provide tax and other advantages to our executive officers relative to other forms of equity compensation. We believe that our equity awards are an important retention tool for our executive officers, as well as for our other employees.

We award stock options broadly to our employees. Grants to our executives and other employees are made at the discretion of our board of directors and are not made at any specific time period during a year.

Prior to this offering, all of the stock options we have granted were made pursuant to our 2011 Plan. Following this offering, we will grant equity incentive awards under the terms of our 2021 Plan. The terms of our equity plans are described under "—Employee Benefit Plans" below.

Outstanding Equity Awards as of December 31, 2020

The following table presents information regarding outstanding equity awards held by our named executive officers as of December 31, 2020. All awards were granted pursuant to the 2011 Plan. See "—Employee Benefit Plans—2011 Plan" below for additional information.

			Option Awards			
Name and Principal Position	Grant Date	Vesting Commencement Date	Number of Securities Underlying Unexercised Options (#) (Exercisable)	Number of Securities Underlying Unexercised Options (#) (Unexercisable)	Option Exercise Price ($)	Option Expiration Date
Nikolaos Vlahos	4/27/2017(1)	4/26/2017	865,410	78,674	$ 10.25(2)	4/27/2027
Chief Executive Officer	4/26/2017(1)	4/26/2017	346,163	31,470	$ 10.25(2)	4/26/2027
	4/26/2017(1)	4/26/2017	173,082	15,735	$ 10.25(2)	4/26/2027
	9/12/2018(3)	9/12/2018	168,750	131,250	$ 11.50	9/12/2028
	9/12/2018(4)	—	—	150,000	$ 11.50	9/12/2028
	9/12/2018(5)	—	—	150,000	$ 11.50	9/12/2028
	2/28/2020(3)	2/28/2020	26,041	98,959	$ 10.45	2/28/2030
	2/28/2020(4)	—	—	62,500	$ 10.45	2/28/2030
	2/28/2020(5)	—	—	62,500	$ 10.45	2/28/2030
	2/28/2020(6)	—	—	83,333	$ 10.45	2/28/2030
Jessica Alba	12/19/2014(1)	12/19/2014	232,500	—	$ 10.25(2)	12/19/2024
Chief Creative Officer	3/24/2015(7)	3/24/2015	275,000	—	$ 10.25(2)	3/24/2025
	2/7/2018(3)	2/7/2018	106,250	43,750	$ 10.25	2/7/2028
	9/12/2018(3)	9/12/2018	56,250	43,750	$ 11.50	9/12/2028
	9/12/2018(4)	—	—	50,000	$ 11.50	9/12/2028
	9/12/2018(5)	—	—	50,000	$ 11.50	9/12/2028
Rick Rexing	11/9/2017(1)	8/15/2017	83,333	16,667	$ 10.25(2)	11/9/2027
Chief Revenue Officer	2/7/2018(3)	2/7/2018	53,125	21,875	$ 10.25	2/7/2028
	9/12/2018(3)	9/12/2018	70,312	54,688	$ 11.50	9/12/2028
	2/28/2020(3)	2/28/2020	7,812	29,688	$ 10.45	2/28/2030
	2/28/2020(4)	—	—	18,750	$ 10.45	2/28/2030
	2/28/2020(5)	—	—	18,750	$ 10.45	2/28/2030
	2/28/2020(6)	—	—	25,000	$ 10.45	2/28/2030
	7/31/2020(3)	7/31/2020	1,953	16,797	$ 11.32	7/31/2030
	7/31/2020(4)	—	—	9,375	$ 11.32	7/31/2030
	7/31/2020(5)	—	—	9,375	$ 11.32	7/31/2030
	7/31/2020(6)	—	—	12,500	$ 11.32	7/31/2030

(1) 25% of the shares underlying this option vest on the one-year anniversary of the vesting commencement date and the remainder vest in 36 equal monthly installments thereafter, subject to continued service to us through the applicable vesting date.

(2) Option was repriced on January 22, 2018 based on the valuation of our common stock of $10.25 as of January 1, 2018.

(3) 1/48th of the shares underlying this option vest on a monthly basis following the vesting commencement date, subject to continued service to us through the applicable vesting date.

(4) The shares underlying this option vest on the occurrence of a "Qualifying Liquidity Event" in which the fair market value per share of our common stock is at least one and one-half (1.5) times the per share exercise price of the option, as determined by our board of directors, subject to continued service to us through such event. "Qualifying Liquidity Event" means the first to occur of: (1) a change in control (as defined in the

optionholder's employment agreement); or (2) the effective date of a registration statement filed under the Securities Act for the sale of our common stock.

(5) The shares underlying this option vest on the occurrence of a Qualifying Liquidity Event in which the fair market value per share of our common stock is at least two (2) times the per share exercise price of the option, as determined by our board of directors, subject to continued service to us through such event.

(6) The shares underlying this option vest on the occurrence of a Qualifying Liquidity Event in which the fair market value per share of our common stock is at least two and one-half (2.5) times the per share exercise price of the option, as determined by our board of directors, subject to continued service to us through such event.

(7) 1/60th of the shares underlying this option vest on a monthly basis following the vesting commencement date, subject to continued service to us through the applicable vesting date.

Employment Arrangements

Each of our named executive officers has executed a form of our standard confidential information and inventions assignment agreement.

Agreement with Nikolaos Vlahos

Prior to the completion of this offering, we expect to enter into an amended and restated employment agreement with Mr. Vlahos, our Chief Executive Officer. The amended and restated employment agreement will have no specific term and will provide that Mr. Vlahos is an at-will employee. Mr. Vlahos' current annual base salary is $825,000, and he is eligible for an annual target cash incentive payment equal to 50% of his annual base salary.

Agreement with Jessica Alba

Prior to the completion of this offering, we expect to enter into an amended and restated employment agreement with Ms. Alba, our Chief Creative Officer. The amended and restated employment agreement will have no specific term and will provide that Ms. Alba is an at-will employee. Ms. Alba's current annual base salary is $500,000, and she is eligible for an annual target cash incentive payment equal to 40% of her annual base salary.

Agreement with Rick Rexing

Prior to the completion of this offering, we expect to enter into an amended and restated employment agreement with Mr. Rexing, our Chief Revenue Officer. The amended and restated employment agreement will have no specific term and will provide that Mr. Rexing is an at-will employee. Mr. Rexing's current annual base salary is $320,000, and he is eligible for an annual target cash incentive payment equal to 40% of his annual base salary.

Potential Payments and Benefits upon Termination or Change of Control

Regardless of the manner in which a named executive officer's employment with us terminates, the named executive officer is entitled to receive amounts earned during his or her term of service, including salary or other cash compensation and accrued unused vacation pay, if applicable.

Prior to the completion of this offering, we expect to enter into a new change in control and severance arrangement with each of our named executive officers, which will supersede any prior agreement or arrangement that the named executive officer may have had with us that provides for severance or change in control payments and benefits.

In addition to the initial public offering preparation bonuses paid out to each of our named executive officers in December 2020, the liquidity event bonus agreements we entered with our named executive officers

also provide that if a liquidity event (as defined in the named executive officer's liquidity event bonus agreement) occurs prior to December 31, 2021 and the named executive officer remains an employee of the company in good standing through the effective date of the liquidity event, then the named executive officer will be entitled to receive a lump sum cash bonus equal to $4,032,659 for Mr. Vlahos, $1,417,714 for Ms. Alba, and $736,598 for Mr. Rexing. For purposes of the liquidity bonus agreements with our named executive officers, "liquidity event" means the first to occur of (i) a change in control (as defined in the 2011 Plan); or (ii) the consummation of (a) an initial public offering or direct listing of any class of common stock of the company or (b) a merger (or similar transaction) with a special purpose acquisition company, the result of which is that any class of common stock of the company or the parent or successor entity of the company, is listed on the New York Stock Exchange, the Nasdaq Stock Market or other securities exchange. The completion of this offering will constitute a "liquidity event" for purposes of each of the liquidity event bonus agreements with our named executive officers.

Mr. Vlahos' stock options granted in September 2018 and February 2020 and Ms. Alba's stock options granted in February 2018 and September 2018 (in each case, other than his or her stock options that vest upon a qualifying liquidity event) accelerate vesting upon certain qualifying terminations of their employment as follows:(i) in the event of the executive's involuntary termination without cause or the executive's resignation for good reason within three months before or twelve months following a change in control (as defined in the 2011 Plan), the vesting of the shares of our common stock subject to such options will be accelerated in full and (ii) in the event of the executive's involuntary termination without cause, or the executive's resignation for good reason outside of such change in control period, the vesting of a number of shares of our common stock subject to such options equal to the number of shares, if any, that would have vested during the twelve-month period following such termination or resignation will be accelerated.

Health and Welfare and Retirement Benefits; Perquisites

Health and Welfare Benefits and Perquisites

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, disability and life insurance plans, in each case on the same basis as all of our other employees, except that we pay for the full cost of premiums of such benefits for our named executive officers. We generally do not provide perquisites or personal benefits to our named executive officers, except in limited circumstances.

401(k) Plan

Our named executive officers are eligible to participate in a defined contribution retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees may defer eligible compensation on a pre-tax or after-tax (Roth) basis, up to the statutorily prescribed annual limits on contributions under the Internal Revenue Code of 1986, or the Code. Contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. We currently match 100% of employee contributions of the first four percent of eligible compensation in order to attract and retain employees with superior talent. Employees are immediately and fully vested in all 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 (except for Roth contributions) and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan. Our board of directors may elect to adopt qualified or nonqualified benefit plans in the future, if it determines that doing so is in our best interests.

Employee Benefit Plans

The principal features of our equity plans are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans, which are filed as exhibits to the registration statement of which this prospectus is a part.

2021 Equity Incentive Plan

Prior to the completion of this offering, we expect that our board of directors will adopt, and our stockholders will approve, our 2021 Equity Incentive Plan, or 2021 Plan. We expect our 2021 Plan will become effective on the date of the underwriting agreement related to this offering. Our 2021 Plan will come into existence upon its adoption by our board of directors, but no grants will be made under our 2021 Plan prior to its effectiveness. Once our 2021 Plan becomes effective, no further grants will be made under our 2011 Plan.

Awards

Our 2021 Plan will provide for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Code, to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards (RSU awards), performance awards and other forms of awards to our employees, directors and consultants and any of our affiliates' employees and consultants.

Authorized Shares

Initially, the maximum number of shares of our common stock that may be issued under our 2021 Plan after it becomes effective will not exceed shares of our common stock, which is the sum of (i) new shares, plus (ii) an additional number of shares not to exceed shares, consisting of (a) shares that remain available for the issuance of awards under our 2011 Plan as of immediately prior to the time our 2021 Plan becomes effective and (b) shares of our common stock subject to outstanding stock options or other stock awards granted under our 2011 Plan that, on or after our 2021 Plan becomes effective, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price, if any, as such shares become available from time to time. In addition, the number of shares of our common stock reserved for issuance under our 2021 Plan will automatically increase on of each year for a period of ten years, beginning on , 2022 and continuing through , 2031, in an amount equal to (1) % of the total number of shares of our common stock outstanding on of the immediately preceding year, or (2) a lesser number of shares determined by our board of directors no later than of the immediately preceding year. The maximum number of shares of our common stock that may be issued on the exercise of ISOs under our 2021 Plan will be shares.

Shares subject to stock awards granted under our 2021 Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares will not reduce the number of shares available for issuance under our 2021 Plan. Shares withheld under a stock award to satisfy the exercise, strike or purchase price of a stock award or to satisfy a tax withholding obligation will not reduce the number of shares available for issuance under our 2021 Plan. If any shares of our common stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us (i) because of a failure to meet a contingency or condition required for the vesting of such shares; (ii) to satisfy the exercise, strike or purchase price of a stock award; or (iii) to satisfy a tax withholding obligation in connection with a stock award, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under our 2021 Plan.

Plan Administration

Our board of directors, or a duly authorized committee of our board of directors, will administer our 2021 Plan. Our board of directors may delegate to one or more of our officers the authority to (i) designate employees (other than officers) to receive specified stock awards; and (ii) determine the number of shares subject to such stock awards. Under our 2021 Plan, our board of directors will have the authority to determine stock award recipients, the types of stock awards to be granted, grant dates, the number of shares subject to each stock award, the fair market value of our common stock, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

Under our 2021 Plan, our board of directors also generally will have the authority to effect, with the consent of any materially adversely affected participant, (i) the reduction of the exercise, purchase, or strike price of any outstanding option or stock appreciation right; (ii) the cancellation of any outstanding option or stock appreciation right and the grant in substitution therefore of other awards, cash, or other consideration; or (iii) any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options

ISOs and NSOs are granted under stock option agreements adopted by the administrator. The administrator will determine the exercise price for stock options, within the terms and conditions of our 2021 Plan, except the exercise price of a stock option generally will not be less than 100% of the fair market value of our common stock on the date of grant. Options granted under our 2021 Plan will vest at the rate specified in the stock option agreement as will be determined by the administrator.

The administrator will determine the term of stock options granted under our 2021 Plan, up to a maximum of 10 years. Unless the terms of an optionholder's stock option agreement, or other written agreement between us and the optionholder, provide otherwise, if an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term. Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the administrator and may include (i) cash, check, bank draft or money order; (ii) a broker-assisted cashless exercise; (iii) the tender of shares of our common stock previously owned by the optionholder; (iv) a net exercise of the option if it is an NSO; or (v) other legal consideration approved by the administrator.

Unless the administrator provides otherwise, options or stock appreciation rights generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the administrator or a duly authorized officer, an option may be transferred pursuant to a domestic relations order, official marital settlement agreement, or other divorce or separation instrument.

Tax Limitations on ISOs

The aggregate fair market value, determined at the time of grant, of our common stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant; and (ii) the term of the ISO does not exceed five years from the date of grant.

Restricted Stock Unit Awards

Restricted stock unit awards are granted under restricted stock unit award agreements adopted by the administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award.

Except as otherwise provided in the applicable award agreement, or other written agreement between us and the recipient, restricted stock unit awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

Restricted Stock Awards

Restricted stock awards are granted under restricted stock award agreements adopted by the administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, past or future services to us, or any other form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. The administrator will determine the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

Stock Appreciation Rights

Stock appreciation rights are granted under stock appreciation right agreements adopted by the administrator. The administrator will determine the purchase price or strike price for a stock appreciation right, which generally will not be less than 100% of the fair market value of our common stock on the date of grant. A stock appreciation right granted under our 2021 Plan will vest at the rate specified in the stock appreciation right agreement as will be determined by the administrator. Stock appreciation rights may be settled in cash or shares of our common stock or in any other form of payment as determined by our board of directors and specified in the stock appreciation right agreement.

The administrator will determine the term of stock appreciation rights granted under our 2021 Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate upon the termination date. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards

Our 2021 Plan will permit the grant of performance awards that may be settled in stock, cash or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, our common stock.

The performance goals may be based on any measure of performance selected by our board of directors. The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by our board of directors at the time the performance award is granted, our board will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (i) to exclude restructuring and/or other nonrecurring charges; (ii) to exclude exchange rate effects; (iii) to exclude the effects of changes to generally accepted accounting principles; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; (v) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (vi) to exclude the dilutive effects of acquisitions or

joint ventures; (vii) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (viii) 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; (ix) to exclude the effects of stock based compensation and the award of bonuses under our bonus plans; (x) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (xi) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles.

Other Stock Awards

The administrator will be permitted to grant other awards based in whole or in part by reference to our common stock. The administrator will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

Non-Employee Director Compensation Limit

The aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including awards granted and cash fees paid by us to such non-employee director, will not exceed $ in total value, except such amount will increase to $ for the first year for newly appointed or elected non-employee directors.

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, appropriate adjustments will be made to (i) the class and maximum number of shares reserved for issuance under our 2021 Plan, (ii) the class and maximum number of shares by which the share reserve may increase automatically each year, (iii) the class and maximum number of shares that may be issued on the exercise of ISOs, and (iv) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions

In the event of a corporate transaction (as defined in the 2021 Plan), unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the administrator at the time of grant, any stock awards outstanding under our 2021 Plan may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by us with respect to the stock award may be assigned to the successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then (i) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full (or, in the case of performance awards with multiple vesting levels depending on the level of performance, vesting will accelerate at 100% of the target level) to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction); and (ii) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the administrator may provide, in its sole discretion, that the holder of such stock award may not

exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the value of the property the participant would have received upon the exercise of the stock award, over (ii) any per share exercise price payable by such holder, if applicable. In addition, any escrow, holdback, earn out or similar provisions in the definitive agreement for the corporate transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of our common stock.

Change in Control

Stock awards granted under our 2021 Plan may be subject to acceleration of vesting and exercisability upon or after a change in control (as defined in the 2021 Plan) as may be provided in the applicable stock award agreement or in any other written agreement between us or any affiliate and the participant, but in the absence of such provision, no such acceleration will automatically occur.

Plan Amendment or Termination

Our board of directors has the authority to amend, suspend, or terminate our 2021 Plan at any time, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopts our 2021 Plan. No stock awards may be granted under our 2021 Plan while it is suspended or after it is terminated.

2011 Stock Incentive Plan

Our board of directors adopted our 2011 Plan in August 2011, and our stockholders approved our 2011 Plan in May 2012, and thereafter our 2011 Plan was amended from time to time. Our 2011 Plan permits the grant of ISOs, NSOs, stock awards, stock units, and stock appreciation rights. ISOs may be granted only to our employees and to any of our parent or subsidiary corporation's employees. All other awards may be granted to employees, directors and consultants of ours and to any of our parent or subsidiary corporation's employees or consultants. As noted above, we will not grant any additional awards under our 2011 Plan after the effectiveness of our 2021 Plan. However, our 2011 Plan will continue to govern the terms and conditions of the outstanding awards granted under our 2011 Plan.

Share Reserve

As of December 31, 2020, an aggregate of 12,603,685 shares of our common stock were reserved for issuance under our 2011 Plan and stock options to purchase 9,019,021 shares of our common stock were outstanding under our 2011 Plan.

Administration

Our board of directors or a committee delegated by our board of directors administers our 2011 Plan. Subject to the terms of our 2011 Plan, the administrator has the power to, among other things, determine who will be granted awards, to determine the terms and conditions of each award (including the number of shares subject to the award, the exercise price of the award, if any, and when the award will vest and, as applicable, become exercisable), to lower or reduce the exercise price of outstanding options, to accelerate the time(s) at which an award may vest or be exercised, and to construe and interpret the terms of our 2011 Plan and awards granted thereunder.

Options

Options granted under our 2011 Plan are subject to terms and conditions generally similar to those described above with respect to options that may be granted under our 2020 Plan once it becomes effective, except vested options will generally remain exercisable following a participant ceasing to be a service provider other than for cause for 30 days (or 12 months in the case of death or disability) following such termination.

Capital Structure Changes

In the event of certain changes in our capital structure, such as a stock split, reverse stock split, or recapitalization, the administrator will make equitable and proportionate adjustments to (i) the number and kind of shares with respect to which awards may be granted under our 2011 Plan, (ii) the number, kind, and price (as applicable) of shares subject to outstanding awards, and (iii) the number and kind of outstanding securities issued under our 2011 Plan. In addition, in the event of certain changes in our capital structure, the administrator will take certain other actions described in the 2011 Plan to the extent it determines such action is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended by the company to be made available under the 2011 Plan or with respect to any award granted under the 2011 Plan or to facilitate the applicable transaction or event.

Acquisition

In the event of an acquisition (as defined in the 2011 Plan), any surviving entity or acquiring entity (or affiliate of such entity) may assume, or substitute similar stock awards for, awards outstanding under our 2011 Plan. If awards are not assumed or substituted for by the surviving entity or acquiring entity (or an affiliate of such entity), then (1) awards held by participants in our 2011 Plan whose status as a service provider has not terminated prior to such event will become fully vested and, as applicable, exercisable and all restrictions on such awards will lapse, and such awards will terminate if not exercised, as applicable, immediately prior to the closing of the acquisition, and (2) any other awards outstanding under our 2011 Plan will terminate if not exercised immediately prior to the closing of the acquisition.

Amendment and Termination

Our board of directors may at any time amend, alter, suspend or terminate our 2011 Plan. However, our board of directors will obtain stockholder approval of any amendment to the 2011 Plan if necessary to comply with applicable laws. No amendment, alteration, suspension or termination of our 2011 Plan will impair the rights of any award holder unless the award holder and the administrator of the 2011 Plan agree otherwise in writing. As noted above, we will not grant any additional awards under our 2011 Plan after the effectiveness of our 2021 Plan.

2021 Employee Stock Purchase Plan

Prior to the completion of this offering, our board of directors intends to adopt, and we expect our stockholders will approve, our 2021 Employee Stock Purchase Plan, or ESPP. Our ESPP will become effective immediately prior to and contingent upon the date of the underwriting agreement related to this offering. The purpose of our ESPP will be 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. Our ESPP will include two components. One component will be designed to allow eligible U.S. employees to purchase our common stock in a manner that may qualify for favorable tax treatment under Section 423 of the Code. The other component will permit the grant of purchase rights that do not qualify for such favorable tax treatment in order to allow deviations necessary to permit participation by eligible employees who are foreign nationals or employed outside of the United States while complying with applicable foreign laws.

Share Reserve

Following this offering, our ESPP will authorize 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 of each year for a period of ten years, beginning on , 2022 and continuing through , 2031, by the lesser of (i) % of the total number of shares of our common stock outstanding on of the immediately preceding year; and (ii) shares, except 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 (i) and (ii).

Administration

Our board of directors will administer our ESPP and may delegate its authority to administer our ESPP to our compensation committee. Our ESPP will be 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 our ESPP, our board of directors will be permitted to specify offerings with durations of not more than 27 months and to 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. Our ESPP will provide that an offering 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, will be eligible to participate in our ESPP and to contribute, normally through payroll deductions, up to % of their earnings (as defined in our ESPP) for the purchase of our common stock under our ESPP. Unless otherwise determined by our board of directors, common stock will be purchased for the accounts of employees participating in our ESPP at a price per share that is at least equal to the lesser of (i) 85% of the fair market value of a share of our common stock on the first day of an offering; or (ii) 85% of the fair market value of a share of our common stock on the date of purchase.

Limitations

Employees may have to satisfy one or more of the following service requirements before participating in our ESPP, as determined by our board of directors: (i) being customarily employed for more than 20 hours per week; (ii) being customarily employed for more than five months per calendar year; or (iii) continuous employment with us or one of our affiliates for a period of time (not to exceed two years). No employee will be permitted to purchase shares under our 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 calendar year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under our 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.

Changes to Capital Structure

Our ESPP will provide that in the event 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, our board of directors will make appropriate adjustments to: (i) the class(es) and maximum number of shares reserved under our ESPP; (ii) the class(es) and maximum number of shares by which the share reserve may increase automatically each year; (iii) the class(es) and number of shares subject to, and purchase price applicable to, outstanding offerings and purchase rights; and (iv) the class(es) and number of shares that are subject to purchase limits under ongoing offerings.

Corporate Transactions

Our ESPP will provide that in the event of a corporate transaction (as defined in the ESPP), any then-outstanding rights to purchase our stock under our 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 10 business days before such corporate transaction, and such purchase rights will terminate immediately after such purchase.

Amendment or Termination

Our board of directors will have the authority to amend or terminate our ESPP, 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.

Indemnification Matters

Upon the completion of this offering, our amended and restated certificate of incorporation will contain 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; or
- any transaction from which the director derived an improper personal benefit.

Such 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 that will be in effect immediately prior to the completion of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will be in effect immediately prior to the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect immediately prior to the completion of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer 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. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and these indemnification 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.

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

Rule 10b5-1 Sales Plans

Our directors and 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 under parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they do not possess of material nonpublic information, subject to compliance with the terms of our insider trading policy.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, below we describe transactions since January 1, 2018 to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of, or person sharing the household with, the foregoing persons, which we refer to as our related parties, had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described under the section titled "Executive Compensation."

2021 Dividend

In , 2021, our board of directors declared a cash dividend in the amount of $ to the holders of record of our common stock and our redeemable convertible preferred stock that is contingent upon, and payable immediately prior to, the closing of this offering as of , 2021, or the 2021 Dividend. The 2021 Dividend shall be payable to our stockholders of record as of , 2021. The following table summarizes the amount of cash dividends payable to our related parties:

Stockholder	Aggregate Dividend ($)

Preferred Stock and Common Stock Financing

In June 2018, we issued and sold an aggregate of 2,550,395 shares of our Series F redeemable convertible preferred stock and 4,347,826 shares of our common stock in a single closing at a purchase price of $19.6048 per share of Series F redeemable convertible preferred stock and $11.500 per share of common stock, respectively, for an aggregate purchase price of $100.0 million. Each share of our Series F redeemable convertible preferred stock will automatically convert into one share of our common stock immediately prior to the completion of this offering, without giving effect to any anti-dilution adjustments relating to our Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock."

The table below sets forth the number of shares of our Series F redeemable convertible preferred stock and common stock purchased by our related parties.

Stockholder	Shares of Series F Convertible Preferred Stock	Total Series F Purchase Price ($)	Shares of Common Stock	Total Common Purchase Price ($)
THC Shared Abacus, LP(1)	2,550,395	49,999,984	4,347,826	49,999,999

(1) THC Shared Abacus, LP (a fund affiliated with *L* Catterton Partners) beneficially owns more than 5% of our outstanding capital stock and Scott Dahnke, a member of our board of directors, is the co-chief executive officer of *L* Catterton and Avik Pramanik, a member of our board of directors, is a partner of THC Shared Abacus, LP.

Secondary Sale Transactions

In June 2018, certain of our existing stockholders sold shares of our Series A redeemable convertible preferred stock, Series A-1 redeemable convertible preferred stock and common stock to a new investor, which we collectively refer to as the Secondary Sale. We agreed to waive certain transfer restrictions and rights of first refusal in connection with the Secondary Sale. The shares of common stock were sold by our stockholders to the new investor at a price of $11.500 per share for an aggregate purchase price of approximately $100.0 million.

The table below sets forth the number of shares of our Series A redeemable convertible preferred stock, Series A-1 redeemable convertible preferred stock and common stock purchased by our related parties.

Stockholder	Shares of Series A Convertible Preferred Stock	Shares of Series A-1 Convertible Preferred Stock	Shares of Common Stock	Total Purchase Price ($)
THC Shared Abacus, LP(1)	967,113	1,619,797	6,108,743	100,000,010

(1) THC Shared Abacus, LP (a fund affiliated with *L* Catterton Partners) beneficially owns more than 5% of our outstanding capital stock and Scott Dahnke, a member of our board of directors, is the co-chief executive officer of *L* Catterton and Avik Pramanik, a member of our board of directors, is a partner of *L* Catterton.

The table below sets forth the number of shares of our Series A redeemable convertible preferred stock, Series A-1 redeemable convertible preferred stock and common stock sold by our related parties and the approximate proceeds each stockholder received for the sale of such shares.

Stockholder	Shares of Series A Convertible Preferred Stock	Shares of Series A-1 Convertible Preferred Stock	Shares of Common Stock	Total Sale Price ($)
Entities affiliated with Jessica Alba(1)	—	—	387,159	4,452,329
Entities affiliated with Lightspeed Venture Partners(2)	967,113	—	246,841	13,960,471
Institutional Venture Partners XIII, L.P.(3)	—	—	608,696	7,000,004
Entities affiliated with General Catalyst(4)	—	1,619,797	119,334	20,000,007
Brian Lee(5)	—	—	2,200,000	25,300,000

(1) The entities affiliated with Jessica Alba, our Chief Creative Officer and Chair of our board of directors, whose shares are aggregated for purposes of reporting share ownership information are the Warren Trust Dated 12/22/10 and the Warren 2012 Gift Trust. Ms. Alba, our Chief Creative Officer and Chair of our board of directors, and her husband share voting and investment power as trustees over the shares held by the Warren Trust Dated 12/22/10. Howard Altman has sole voting and investment power as trustee over the shares held by the Warren 2012 Gift Trust.

(2) The entities affiliated with Lightspeed Venture Partners whose shares are aggregated for purposes of reporting share ownership information are Lightspeed Venture Partners VIII, L.P. and Lightspeed Venture Partners Select, L.P., or Lightspeed Select. These entities beneficially own more than 5% of our outstanding capital stock and Jeremy Liew, a member of our board of directors, is a director of Lightspeed Ultimate General Partner Select, Ltd., or LUGP Select, and shares voting and dispositive power with respect to the shares held by Lightspeed Select.

(3) Institutional Venture Partners XIII, L.P. beneficially owns more than 5% of our outstanding capital stock and Eric Liaw, a member of our board of directors, is a General Partner of Institutional Venture Partners XIII, L.P.

(4) The entities affiliated with General Catalyst whose shares are aggregated for purposes of reporting share ownership information are General Catalyst Group V, L.P., General Catalyst Group V Supplemental, L.P. and GC Entrepreneurs Fund V, L.P. These entities beneficially own more than 5% of our outstanding capital stock and Joel Cutler, a former member of our board of directors, is a managing director of General Catalyst Partners V, L.P., which is the general partner of such entities. Mr. Cutler resigned from his position as a member of our board of directors effective upon the closing of our redeemable convertible preferred stock and common stock financing and the Secondary Sale in June 2018.

(5) Brian Lee beneficially owned more than 5% of our outstanding capital stock and was a member of our board of directors at the time of the Secondary Sale. Mr. Lee resigned from his position as a member of our board of directors upon the closing of our redeemable convertible preferred stock and common stock financing and the Secondary Sale in June 2018.

Investors' Rights, Management Rights, Voting and Co-Sale Agreements

In connection with our redeemable convertible preferred stock and common stock financing, we entered into investors' rights, management rights, voting and right of first refusal and co-sale agreements containing registration rights, information rights, rights of first offer, voting rights and rights of first refusal, among other things, with certain holders of our capital stock. The holders of more than 5% of our capital stock that are party to these agreements are THC Shared Abacus, L.P., entities affiliated with Lightspeed Venture Partners, Institutional Venture Partners XIII, L.P., entities affiliated with Fidelity and entities affiliated with General Catalyst. Nikolaos Vlahos, our Chief Executive Officer and member of our board of directors, and Jessica Alba,

our Chief Creative Officer and Chair of our board of directors, are also parties to our voting and right of first refusal and co-sale agreements.

These stockholder agreements will terminate upon the closing of this offering, except for the registration rights granted under our investors' rights agreement, which will terminate upon the earliest of: (1) five years after the completion of this offering; and (2) with respect to any particular stockholder, such time as such stockholder can sell all of its shares under Rule 144 of the Securities Act or another similar exemption during any 90-day period and such stockholder holds less than one percent of our outstanding capital stock. For a description of the registration rights, see the section titled "Description of Capital Stock—Registration Rights."

Relationships with Jessica Alba

In July 2011, we entered into the Likeness Agreement with Ms. Alba pursuant to which we license Ms. Alba's likeness.

In April 2020, we entered into an agreement with Summit House Studios LLC, or Summit House, pursuant to which Summit House provides digital ad production services. Ms. Alba is a member of Summit House. In 2020, we paid Summit House approximately $253,000 in fees for such services.

Other Transactions

We have entered into employment agreements with our executive officers that, among other things, provide for certain compensatory and change in control benefits, as well as severance benefits. For a description of these agreements with our named executive officers, see the section titled "Executive Compensation."

We have also granted stock options and to our executive officers and certain of our non-employee directors. For a description of these equity awards, see the section titled "Executive Compensation."

In April 2017, we issued Nikolaos Vlahos, our Chief Executive Officer and member of our board of directors, 87,422 shares of our Series D redeemable convertible preferred stock pursuant to a restricted preferred stock award agreement. Between May 2017 and April 2019, Mr. Vlahos forfeited an aggregate of 45,660 shares of Series D redeemable convertible preferred stock to satisfy the tax withholding obligations pursuant to the terms of his restricted preferred stock award agreement, after which Mr. Vlahos held an aggregate of 41,762 shares of our Series D redeemable convertible preferred stock. In July 2018, Mr. Vlahos transferred such shares of our Series D redeemable convertible preferred stock to the Nikolaos and Angela Vlahos 2006 Trust pursuant to a stock transfer agreement.

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price per share up to % of the shares of common stock offered by this prospectus for sale, to certain individuals through a directed share program, including .

Indemnification Agreements

We have entered into indemnification agreements with certain of our current directors and executive officers, and intend to enter into new indemnification agreements with each of our current directors and executive officers before the completion of this offering. Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we will indemnify our directors and officers to the fullest extent permitted under Delaware law. See the section titled "Executive Compensation—Indemnification Matters."

Other than as described above under this section “Certain Relationships and Related Party Transactions,” since January 1, 2018, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related party where the amount involved exceeds, or would exceed, $120,000, and in which any related party had or will have a direct or indirect material interest. We believe the terms of the transactions described above were comparable to terms we could have obtained in arm’s length dealings with unrelated third parties.

Policies and Procedures for Related Party Transactions

Prior to the completion of this offering, we intend to adopt a written policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related party transaction with us without the approval or ratification of our board of directors or our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds $120,000 and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party’s interest in the transaction.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth, as of March 31, 2021, information regarding beneficial ownership of our capital stock by:

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

The percentage ownership information under the column titled "Before Offering" is based on 41,614,151 shares of common stock outstanding as of March 31, 2021 assuming the automatic conversion of 24,550,464 outstanding shares of redeemable convertible preferred stock as of March 31, 2021 into an equivalent number of shares of common stock, which will occur immediately prior to the completion of this offering, without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock." The percentage ownership information under the column titled "After Offering" is based on the sale of shares of common stock in this offering and excludes any potential purchases pursuant to the directed share program in this offering. The percentage ownership information assumes no exercise of the underwriters' option to purchase additional shares.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including options that are currently exercisable or exercisable within 60 days of March 31, 2021. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown that they beneficially own, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose.

Common stock subject to stock options currently exercisable or exercisable within 60 days of March 31, 2021 are deemed to be outstanding for computing the percentage ownership of the person holding these options and the percentage ownership of any group of which the holder is a member but are not deemed outstanding for computing the percentage of any other person.

Unless otherwise noted below, the address for each beneficial owner listed in the table below is c/o The Honest Company, Inc., 12130 Millennium Drive, #500, Los Angeles, California 90094.

Name of Beneficial Owner	Shares Beneficially Owned Prior to this Offering	Percentage of Shares Beneficially Owned	
	Shares	Before Offering	After Offering
5% Stockholders			
THC Shared Abacus, LP(1)	15,593,874	37.5%	
Institutional Venture Partners XIII, L.P.(2)	5,774,102	13.9%	
Entities affiliated with Lightspeed Venture Partners(3)	5,107,983	12.3%	
Entities affiliated with Fidelity(4)	3,857,676	9.3%	
Entities affiliated with General Catalyst(5)	2,119,223	5.1%	
Executive Officers and Directors			
Nikolaos Vlahos(6)	1,791,358	4.1%	
Jessica Alba(7)	2,822,559	6.7%	
Rick Rexing(8)	253,253	*	
Scott Dahnke(9)	15,593,874	37.5%	

Name of Beneficial Owner	Shares Beneficially Owned Prior to this Offering: Shares	Percentage of Shares Beneficially Owned: Before Offering	After Offering
Avik Pramanik	—	—	
Eric Liaw	—	—	
Jeremy Liew(10)	291,151	*	
Katie Bayne(11)	37,500	*	
Susan Gentile	—	—	
All executive officers and directors as a group (16 persons)(12)	27,063,360	60.3%	
Other Selling Stockholders:			

* Represents beneficial ownership of less than 1%.

(1) Consists of: (i) 10,456,569 shares of common stock and (ii) 5,137,305 shares of common stock issuable upon conversion of redeemable convertible preferred stock. C8 Management, L.L.C. is the general partner of THC Shared Abacus, LP, or THC Shared Abacus. Scott A. Dahnke and J. Michael Chu are the managing members of C8 Management, L.L.C. and have shared voting and dispositive power with respect to the shares held by THC Shared Abacus. Messrs. Dahnke and Chu disclaim beneficial ownership of such shares except as to their pecuniary interest therein. The address for THC Shared Abacus is c/o *L* Catterton Partners, 599 West Putnam Avenue, Greenwich, Connecticut 06830.

(2) Consists of: (i) 684,425 shares of common stock and (ii) 5,089,677 shares of common stock issuable upon conversion of redeemable convertible preferred stock. Institutional Venture Management XIII, LLC is the general partner of Institutional Venture Partners XIII, L.P., or IVP. Todd C. Chaffee, Norman A. Fogelsong, Stephen J. Harrick, J. Sanford Miller and Dennis B. Phelps are the managing directors of Institutional Venture Management XIII, LLC and share voting and dispositive power over the shares held by Institutional Venture Partners XIII, L.P. The address for these entities is c/o Institutional Venture Partners, 3000 Sand Hill Road, Building 2, Suite 250, Menlo Park, California 94025.

(3) Consists of: (i) 4,816,832 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Lightspeed Venture Partners VIII, L.P., or Lightspeed VIII, and (ii) 291,151 shares of common stock issuable upon conversion of convertible preferred stock held by Lightspeed Venture Partners Select, L.P. , or Lightspeed Select. Lightspeed General Partner VIII, L.P., or LGP VIII, is the general partner of Lightspeed VIII. Lightspeed Ultimate General Partner VIII, Ltd., or LUGP VIII, is the general partner of LGP VIII. Barry Eggers, Ravi Mhatre and Peter Nieh are the directors of LUGP VIII and share voting and dispositive power with respect to the shares held by Lightspeed VIII. Messrs. Eggers, Mhatre and Nieh disclaim beneficial ownership of the shares held by Lightspeed VIII except to the extent of their pecuniary interest therein. Lightspeed General Partner Select, L.P., or LGP Select, is the general partner of Lightspeed Select. Lightspeed Ultimate General Partner Select, Ltd., or LUGP Select, is the general partner of LGP Select. Barry Eggers, Jeremy Liew, Ravi Mhatre and Peter Nieh are the directors of LUGP Select and share voting and dispositive power with respect to the shares held by Lightspeed Select. Messrs. Eggers, Liew, Mhatre and Nieh disclaim beneficial ownership of the shares held by Lightspeed Select except to the extent of their pecuniary interest therein. The address for these entities is 2200 Sand Hill Road, Menlo Park, California 94025.

(4) Consists of: (i) 150,143 shares of common stock held by Fidelity Securities Fund: Fidelity Blue Chip Growth Fund, (ii) 71,609 shares of common stock held by Fidelity Securities Fund: Fidelity Series Blue Chip Growth Fund, (iii) 212,235 shares of common stock held by Fidelity Select Portfolios: Select Consumer Staples Portfolio, (iv) 9,496 shares of common stock held by Fidelity Mt. Vernon Street Trust: Fidelity Series Growth Company Fund, (v) 39,835 shares of common stock held by Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund, (vi) 6,107 shares of common stock held by Fidelity Growth Company Commingled Pool, (vii) 171,220 shares of common stock held by Fidelity U.S. Equity Central Fund - Consumer Staples Sub, (viii) 979,178 shares of common stock issuable upon conversion of

redeemable convertible preferred stock held by Fidelity Securities Fund: Fidelity Blue Chip Growth Fund, (ix) 16,024 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Blue Chip Growth Commingled Pool, (x) 282 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Securities Fund: Fidelity Flex Large Cap Growth Fund, (xi) 11,802 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Securities Fund: Fidelity Blue Chip Growth K6 Fund, (xii) 337,858 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Securities Fund: Fidelity Series Blue Chip Growth Fund, (xiii) 46,672 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by FIAM Target Date Blue Chip Growth Commingled Pool, (xiv) 1,216,858 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Puritan Trust: Fidelity Puritan Fund - Equity Sub B, (xv) 75,268 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Securities Fund: Fidelity OTC Portfolio, (xvi) 1,226 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity OTC Commingled Pool, (xvii) 189,438 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Trend Fund: Fidelity Trend Fund, (xviii) 41,221 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Mt. Vernon Street Trust: Fidelity Series Growth Company Fund, (xix) 162,313 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund, (xx) 35,100 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Fidelity Growth Company Commingled Pool and (xxi) 83,791 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by Variable Insurance Products Fund IV: Consumer Staples Portfolio (collectively, the Fidelity Entities). The Fidelity Entities are managed by direct or indirect subsidiaries of FMR LLC. Abigail P. Johnson is a Director, the Chairman, the Chief Executive Officer and the President of FMR LLC. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act (Fidelity Funds) advised by Fidelity Management & Research Company, LLC (FMR Co), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company, LLC carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address for Fidelity Securities Fund: Fidelity Blue Chip Growth Fund, Fidelity Puritan Trust: Fidelity Puritan Fund - Equity Sub B, Fidelity Trend Fund: Fidelity Trend Fund and Fidelity U.S. Equity Central Fund - Consumer Staples Sub is M. Gardiner & Co., c/o JPMorgan Chase Bank, N.A, P.O. Box 35308, Newark, NJ 07101-8006. The address for Fidelity Blue Chip Growth Commingled Pool, Fidelity OTC Commingled Pool, Fidelity Mt. Vernon Street Trust: Fidelity Series Growth Company Fund, Fidelity Growth Company Commingled Pool and Fidelity Select Portfolios: Select Consumer Staples Portfolio is Mag & Co., c/o Brown Brothers Harriman & Co., Attn: Corporate Actions/Vault, 140 Broadway, New York, NY 10005. The address for Fidelity Securities Fund: Fidelity Flex Large Cap Growth Fund, Fidelity Securities Fund: Fidelity Blue Chip Growth K6 Fund and Fidelity Securities Fund: Fidelity OTC Portfolio is The Northern Trust Company, Attn: Trade Securities Processing, 333 South Wabash Ave, 32nd Floor, Chicago, IL 60604. The address for Fidelity Securities Fund: Fidelity Series Blue Chip Growth Fund, FIAM Target Date Blue Chip Growth Commingled Pool and Variable Insurance Products Fund IV: Consumer Staples Portfolio State Street Bank & Trust, PO Box 5756, Boston,

MA 02206. The address for Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund is BNY Mellon, One BNY Mellon Center, 500 Grant Street Aim 151-2700, Pittsburgh, PA 15258.

(5) Consists of: (i) 1,356,057 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by General Catalyst Group V Supplemental, L.P., or GCGVS, (ii) 719,834 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by General Catalyst Group V, L.P., or GCGV, and (iii) 43,332 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by GC Entrepreneurs Fund V, L.P., or GCEV. General Catalyst GP V, LLC, or GCGPV, is the general partner of General Catalyst Partners V, L.P., which is the general partner of GCGV, GCEV and GCGVS. Lawrence Bohn, Joel Cutler, David Fialkow and Hemant Taneja are managing directors of GCGPV, and, as a result, may be deemed to have voting and dispositive power over the shares held by GCGV, GCEV, and GCGVS. The address for these entities is 20 University Road, Suite 450, Cambridge, MA 02138.

(6) Consists of: (i) 41,762 shares of common stock issuable upon conversion of redeemable convertible preferred stock held by the Nikolaos and Angela Vlahos 2006 Trust, over which Mr. Vlahos and his wife share voting and investment power as trustees, and (ii) 1,749,596 shares of common stock underlying stock options held by that are exercisable within 60 days of March 31, 2021.

(7) Consists of: (i) 2,126,518 shares of common stock held by the Warren Trust Dated 12/22/10, over which Ms. Alba and her husband share voting and investment power as trustees, and (ii) 696,041 shares of common stock underlying stock options held by Ms. Alba that are exercisable within 60 days of March 31, 2021.

(8) Consists of 231,379 shares of common stock underlying stock options that are exercisable within 60 days of March 31, 2021.

(9) Consists of the shares held of record by THC Shared Abacus and disclosed in footnote (1) above. Mr. Dahnke is the Co-Chief Executive Officer of *L* Catterton Partners and may be deemed to beneficially own the shares held of record by THC Shared Abacus as disclosed in footnote (1).

(10) Consists of the shares held of record by Lightspeed Select and disclosed in footnote (3) above. Mr. Liew is a director of LUGP Select and shares voting and dispositive power with respect to the shares held by Lightspeed Select and may be deemed to beneficially own the shares held of record by Lightspeed Select as disclosed in footnote (3).

(11) Consists of 37,500 shares of common stock underlying stock options that are exercisable within 60 days of March 31, 2021.

(12) Consists of (i) 13,267,512 shares of common stock held by our current directors and executive officers as a group, (ii) 1,912,740 shares of common stock issuable upon the conversion of Series A redeemable convertible preferred stock held by our current directors and executive officers as a group, (iii) 3,683,014 shares of common stock issuable upon the conversion of Series A-1 redeemable convertible preferred stock held by our current directors and executive officers as a group, (iv) 1,137,894 shares of common stock issuable upon the conversion of Series B redeemable convertible preferred stock held by our current directors and executive officers as a group, (v) 620,904 shares of common stock issuable upon the conversion of Series C redeemable convertible preferred stock held by our current directors and executive officers as a group, (vi) 107,328 shares of common stock issuable upon the conversion of Series D redeemable convertible preferred stock held by our current directors and executive officers as a group, (vii) 547,620 shares of common stock issuable upon the conversion of Series E redeemable convertible preferred stock held by our current directors and executive officers as a group, (viii) 2,550,395 shares of common stock issuable upon the conversion of Series F redeemable convertible preferred stock held by our current directors and executive officers as a group, and (ix) 3,235,953 shares of common stock issuable upon the exercise of stock options held by our current directors and executive officers that are exercisable within 60 days of March 31, 2021.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws that will be in effect immediately prior to the completion of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will be in effect immediately prior to the completion of this offering.

Immediately prior to the completion of this offering, our authorized capital stock will consist of shares, all with a par value of $0.0001 per share, of which:

- shares will be designated common stock; and
- shares will be designated preferred stock.

As of December 31, 2020, we had outstanding 41,595,057 shares of common stock, assuming the automatic conversion of 24,550,464 outstanding shares of redeemable convertible preferred stock as of December 31, 2020 into an equivalent number of shares of common stock, which will occur immediately prior to the completion of this offering, without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled “Description of Capital Stock—Preferred Stock.”

Our outstanding capital stock was held by 217 stockholders of record as of December 31, 2020. Our board of directors is authorized, without stockholder approval except as required by the listing standards of The Nasdaq Stock Market LLC, to issue additional shares of our capital stock.

Common Stock

Voting Rights

The common stock is entitled to one vote per share on any matter that is submitted to a vote of our stockholders. Our amended and restated certificate of incorporation establishes a classified board of directors that is divided into three classes with staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of our stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms. The affirmative vote of holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, will be required to amend certain provisions of our amended and restated certificate of incorporation, including provisions relating to amending our amended and restated bylaws, the classified structure of our board of directors, the size of our board of directors, removal of directors, director liability, vacancies on our board of directors, special meetings, stockholder notices, actions by written consent and exclusive jurisdiction.

Our amended and restated certificate of incorporation that will be in effect immediately prior to the completion of this offering will not provide for cumulative voting for the election of directors.

Dividends and Distributions

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of common stock will be entitled to share equally, identically and ratably, on a per share basis, with respect to any dividend or distribution of cash or property paid or distributed by us. See the section titled “Dividend Policy” for additional information.

Liquidation Rights

On our liquidation, dissolution or winding-up, the holders of common stock will be entitled to share equally, identically and ratably in all assets remaining after the payment of any liabilities, liquidation preferences and

accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class.

No Preemptive or Similar Rights

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

Fully Paid and Non-Assessable

In connection with this offering, our legal counsel will opine that the shares of our common stock to be issued under this offering will be fully paid and non-assessable.

Preferred Stock

As of December 31, 2020, there were 24,550,464 shares of our redeemable convertible preferred stock outstanding. Immediately prior to the completion of this offering, no shares of preferred stock will be outstanding assuming the automatic conversion of outstanding shares of redeemable convertible preferred stock as of December 31, 2020 into an equivalent number of shares of common stock.

Our amended and restated certificate of incorporation that is currently in effect provides for certain anti-dilution adjustments relating to our Series B redeemable convertible preferred stock, Series C redeemable convertible preferred stock, Series D redeemable convertible preferred stock, Series E redeemable convertible preferred stock and Series F redeemable convertible preferred stock in connection with a firm-commitment underwritten public offering. The anti-dilution adjustments for each series of redeemable convertible preferred stock are based on the following target prices, which are collectively referred to as the Target Prices:

- $21.9704 per share for our Series B redeemable convertible preferred stock;
- $33.8216 per share for our Series C and Series D redeemable convertible preferred stock; and
- $24.5060 per share for our Series E and Series F redeemable convertible preferred stock.

The number of shares of our common stock to be issued in connection with such anti-dilution adjustments of such series of redeemable convertible preferred stock depends on the initial public offering price of our common stock. We expect the initial public offering price of our common stock to be between $ and $ per share, as set forth on the cover page of this prospectus. However, the actual initial public offering price may be lower or higher, which would increase or decrease, respectively, the number of shares of our common stock to be issued in connection with the anti-dilution adjustments of such redeemable convertible preferred stock, as described in more detail below. We will not know the initial public offering price and, as a result, the total number of shares of common stock to be issued in connection with the anti-dilution adjustment of these shares of redeemable convertible preferred stock, until the determination of the actual price per share following the effectiveness of the registration statement of which this prospectus forms a part. If the initial public offering price per share, before deducting underwriting discounts and commissions and estimated offering expenses payable by us, is less than the applicable Target Price for such series of redeemable convertible preferred stock, then the conversion price in effect immediately prior to this offering for each share of such series of redeemable convertible preferred stock shall be adjusted to be equal to the product of (i) the original issue price for such series of redeemable convertible preferred stock and (ii) a fraction, the numerator of which is the initial public offering price per share, and the denominator of which is the applicable Target Price for such series of redeemable convertible preferred stock. Based on an assumed initial offering public price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the anti-dilution adjustment of our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock would be equal to an aggregate of shares, shares, shares, shares and shares, respectively, of our common stock.

Under our amended and restated certificate of incorporation that will be in effect immediately prior to the completion of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our common stock. Any issuance of our preferred stock could adversely affect the voting power of holders of our common stock, and the likelihood that such holders would receive dividend payments and payments on liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action. Immediately prior to the completion of this offering, no shares of preferred stock will be outstanding. We have no present plan to issue any shares of preferred stock.

Options and Restricted Stock Units

As of December 31, 2020, 9,019,021 shares of our common stock were issuable on the exercise of outstanding options to purchase shares of our common stock under our 2011 Plan, with a weighted-average exercise price of $10.46 per share. Subsequent to December 31, 2020, we granted restricted stock units to be settled for 100,000 shares of our common stock under our 2011 Plan. For additional information regarding terms of our equity incentive plans, see the section titled “Executive Compensation—Employee Benefit Plans.”

Registration Rights

We are party to an amended and restated investors’ rights agreement that provides that certain holders of our capital stock, including certain holders of our preferred stock have certain registration rights, as set forth below. This amended and restated investors’ rights agreement was entered into as of June 11, 2018. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire upon the earliest to occur of: (1) five years after the completion of this offering; or (2) with respect to any particular stockholder, such time as such stockholder can sell all of its shares under Rule 144 of the Securities Act or another similar exemption during any 90-day period and such stockholder holds less than one percent of our outstanding capital stock. The number of shares of our capital stock entitled to registration rights set forth below does not give effect to any anti-dilution adjustments relating to certain series of our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled “Description of Capital Stock—Preferred Stock.”

Demand Registration Rights

The holders of an aggregate of 20,475,727 shares of our capital stock, or the Demand Holders, and certain holders affiliated with THC Shared Abacus, LP, or the THC Holders, will be entitled to certain demand registration rights. At any time beginning on June 11, 2021, the Demand Holders are entitled to registration rights under the amended and restated investors’ rights agreement. At any time beginning six months after the effective date of the registration statement, of which this prospectus is a part, the THC Holders are entitled to registration rights under the amended and restated investors’ rights agreement.

Piggyback Registration Rights

In connection with this offering, the holders of an aggregate of 36,069,601 shares of our capital stock were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security

holders, the holders of these shares will be entitled to certain piggyback registration rights allowing such holders to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, subject to certain exceptions, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

The holders of an aggregate of 20,475,727 shares of our capital stock and the THC Holders will be entitled to certain Form S-3 registration rights. If we are eligible to file a registration statement on Form S-3, these holders have the right, upon written request from such holders, to have such shares registered by us if the anticipated aggregate offering price of such shares is at least $1 million, subject to exceptions set forth in the amended and restated investors' rights agreement.

Anti-Takeover Provisions

Certificate of Incorporation and Bylaws to be in Effect Immediately Prior to the Completion of this Offering

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of common stock will be able to elect all of our directors. Our amended and restated certificate of incorporation and amended and restated bylaws to be effective immediately prior to the completion of this offering will require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent or electronic transmission. A special meeting of stockholders may be called by a majority of our board of directors, the chair of our board of directors, our chief executive officer or our lead independent director. Our amended and restated bylaws to be effective immediately prior to the completion of this offering will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors.

In accordance with our amended and restated certificate of incorporation to be effective immediately prior to the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms.

The foregoing provisions will make it more difficult 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 preserve our existing control structure after completion of this offering, facilitate our continued product innovation and the risk-taking that it requires, permit us to continue to prioritize our long-term goals rather than short-term results, enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are also designed to reduce our vulnerability to an unsolicited acquisition proposal 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 deterring hostile takeovers or 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.

Section 203 of the Delaware General Corporation Law

When we have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 stockholders, we will be subject to Section 203 of the Delaware General Corporation Law,

which prohibits a 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, subject to certain exceptions.

Choice of Forum

Our amended and restated certificate of incorporation to be effective immediately prior to the completion of this offering will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom shall be the sole and exclusive forum for the following claims or causes of action under Delaware statutory or common law: (A) any derivative claim or cause of action brought on our behalf; (B) any claim or cause of action for breach of a fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders; (C) any claim or cause of action against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or amended and restated bylaws (as each may be amended from time to time); (D) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws (as each may be amended from time to time, including any right, obligation, or remedy thereunder); (E) any claim or cause of action as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; and (F) any claim or cause of action against us or any of our current or former directors, officers or other employees governed by the internal-affairs doctrine or otherwise related to our internal affairs, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants; provided, that, this Delaware forum provision set forth in our amended and restated certificate of incorporation to be effective immediately prior to the completion of this offering shall not apply to claims or causes of action brought to enforce a duty or liability created by the Securities Act or the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction.

Further, our amended and restated certificate of incorporation to be effective immediately prior to the completion of this offering will provide that unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters for any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

Additionally, our amended and restated certificate of incorporation to be effective immediately prior to the completion of this offering will provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions.

Limitations of Liability and Indemnification

See the section titled “Executive Compensation—Indemnification Matters.”

Exchange Listing

Our common stock is currently not listed on any securities exchange. We have applied to have our common stock approved for listing on The Nasdaq Global Select Market under the symbol “HNST.”

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be Computershare Trust Company, N.A. The transfer agent’s address is 250 Royall Street, Canton, Massachusetts 02021.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock, including shares issued on the exercise of outstanding options, in the public market after this offering, or the possibility of these sales or issuances occurring, could adversely affect the prevailing market price for our common stock or impair our ability to raise equity capital.

Based on our shares outstanding as of December 31, 2020, immediately prior to the completion of this offering, a total of 41,595,057 shares of common stock will be outstanding, assuming the automatic conversion of 24,550,464 outstanding shares of redeemable convertible preferred stock as of December 31, 2020 into an equivalent number of shares of common stock, which will occur immediately prior to the completion of this offering, without giving effect to any anti-dilution adjustments relating to our Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock described in the section titled "Description of Capital Stock—Preferred Stock." Of these shares, all of the common stock sold in this offering by us and the selling stockholders, plus any shares sold by us on the exercise of the underwriters' option to purchase additional common stock from us, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act.

The remaining shares of common stock will be, and shares of common stock subject to stock options will be on issuance, "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. Restricted securities may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S.

Subject to the lock-up agreements described below and the provisions of Rule 144 or Regulation S under the Securities Act, as well as our insider trading policy, these restricted securities will be available for sale in the public market after the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible stockholder is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible stockholder under Rule 144, such stockholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and must have beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144, subject to the expiration of the lock-up agreements described below.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell shares on expiration of the lock-up agreements described below, subject, in the case of restricted securities, to such shares having been beneficially owned for at least six months. Beginning 90 days after the date of this prospectus, within any three-month period, such stockholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of common stock then outstanding, which will equal approximately shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares of common stock from us; or

- the average weekly trading volume of our common stock on the during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares under Rule 701, subject to the expiration of the lock-up agreements described below.

Form S-8 Registration Statements

We intend to file one or more registration statements on Form S-8 under the Securities Act with the SEC to register the offer and sale of shares of our common stock that are issuable under the 2011 Plan, 2021 Plan and ESPP. These registration statements will become effective immediately on 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 Arrangements and Market Standoff Agreements

We, the selling stockholders, all of our directors, executive officers and the holders of substantially all of our common stock and securities exercisable for or convertible into our common stock outstanding immediately prior to the completion of this offering, have agreed, or will agree, with the underwriters that, until days after the date of this prospectus, subject to certain exceptions, we and they will not, without the prior written consent of , offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any shares of our common stock, or any options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of our common stock. These agreements are described in the section titled “Underwriting.” may, in its sole discretion, release any of the securities subject to these lock-up agreements at any time.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements, including our amended and restated investors’ rights agreement, with certain of our security holders 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 36,069,601 shares of our capital stock or their transferees will be entitled to certain rights with respect to the registration of the offer and sale of their shares under the Securities Act. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately on the effectiveness of the registration. See the section titled “Description of Capital Stock—Registration Rights” for additional information.

10b5-1 Plans

After the offering, certain of our employees, including our executive officers, and/or directors may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Securities Exchange Act of 1934. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to the offering described above.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following summary describes the material U.S. federal income tax consequences of the acquisition, ownership, and disposition of our common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, and does not address foreign, state, and local consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, nor does it address U.S. federal tax consequences (such as gift and estate taxes) other than income taxes. This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the alternative minimum tax, the special tax accounting rules under Section 451(b) of the Code, and the Medicare contribution tax on net investment income. Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Code, such as financial institutions, insurance companies, tax-exempt organizations, broker-dealers and traders in securities, U.S. expatriates, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, corporations organized outside of the United States, any state thereof or the District of Columbia that are nonetheless treated as U.S. taxpayers for U.S. federal income tax purposes, persons that hold our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or integrated investment or other risk reduction strategy, persons who acquire our common stock through the exercise of an option or otherwise as compensation, "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds, partnerships and other pass-through entities or arrangements, and investors in such pass-through entities or arrangements. Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code, and Treasury Regulations, rulings, and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked, or modified, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This discussion is for informational purposes only and is not tax advice. Persons considering the purchase of our common stock pursuant to this offering should consult their own tax advisors concerning the U.S. federal income, estate, and other tax consequences of acquiring, owning, and disposing of our common stock in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction, including any state, local, or foreign tax consequences.

For the purposes of this discussion, a "Non-U.S. Holder" is, for U.S. federal income tax purposes, a beneficial owner of common stock that is neither a U.S. Holder, nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes regardless of its place of organization or formation). A "U.S. Holder" means a beneficial owner of our common stock that is for U.S. federal income tax purposes any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

Distributions

Distributions, if any, made on our common stock to a Non-U.S. Holder to the extent made out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) generally will constitute dividends for U.S. tax purposes and will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, subject to the discussions below regarding effectively connected income, backup withholding, and foreign accounts. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed IRS Form W-8BEN (in the case of individuals) or IRS Form W-8BEN-E (in the case of entities), or other appropriate form, certifying the Non-U.S. Holder's entitlement to benefits under that treaty. This certification must be provided to us and/or our paying agent prior to the payment of dividends and must be updated periodically. In the case of a Non-U.S. Holder that is an entity, Treasury Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends will be treated as paid to the entity or to those holding an interest in that entity. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent will then be required to provide certification to us and/or our paying agent, either directly or through other intermediaries. If a Non-U.S. Holder is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty and such Non-U.S. Holder does not timely file the required certification, such Non-U.S. Holder may be able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to us (or, if stock is held through a financial institution or other agent, to such agent). In general, such effectively connected dividends will be subject to U.S. federal income tax, on a net income basis at the regular rates applicable to U.S. residents. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional "branch profits tax," which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments. Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

To the extent distributions on our common stock, if any, exceed our current and accumulated earnings and profits, they will first reduce the Non-U.S. Holder's adjusted basis in our common stock, but not below zero, and then will be treated as gain to the extent of any excess amount distributed, and taxed in the same manner as gain realized from a sale or other disposition of common stock as described in the next section.

Gain on Disposition of Our Common Stock

Subject to the discussions below regarding backup withholding and foreign accounts, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other taxable disposition of our common stock unless (1) the gain is effectively connected with a trade or business of such holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States), (2) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (3) we are or have been a "United States real property holding corporation" within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such holder's holding period in our common stock. In general, we would be a United States real property holding corporation if our interests in U.S. real property comprise (by fair market value) at least half of our worldwide real property interests and our other assets used or held for use in a trade or business. We believe that we are not, and do not anticipate becoming, a United States real property holding corporation. Even if we are treated as a United States real property holding corporation, gain realized by a

Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as (a) the Non-U.S. Holder owned, directly, indirectly and constructively, no more than 5% of our common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder's holding period and (b) our common stock is regularly traded on an established securities market, as defined in applicable Treasury Regulations. There can be no assurance that our common stock will qualify as regularly traded on an established securities market. If a Non-U.S. Holder's gain on disposition of our common stock is taxable because we are a United States real property holding corporation and such Non-U.S. Holder's ownership of our common stock exceeds 5%, such Non-U.S. Holder will be taxed on such disposition generally in the manner as gain that is effectively connected with the conduct of a U.S. trade or business (subject to the provisions under an applicable income tax treaty), except that the branch profits tax generally will not apply to a corporate Non-U.S. Holder.

Non-U.S. Holders described in (1) above will be required to pay tax on the net gain derived from the sale at regular U.S. federal income tax rates, and corporate Non-U.S. Holders described in (1) above may be subject to the additional branch profits tax on such gain at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Gain described in (2) above will be subject to U.S. federal income tax at a flat 30% rate or such lower rate as may be specified by an applicable income tax treaty, which gain may be offset by certain U.S.-source capital losses (even though a Non-U.S. Holder is not considered a resident of the United States), provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

Information Reporting Requirements and Backup Withholding

Generally, we must report information to the IRS with respect to any distributions we pay on our common stock (even if the payments are exempt from withholding), including the amount of any such distributions, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder to whom any such distributions are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Distributions paid by us (or our paying agents) to a Non-U.S. Holder may also be subject to U.S. backup withholding. U.S. backup withholding generally will not apply to a Non-U.S. Holder who provides a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-ECI, or otherwise establishes an exemption. Notwithstanding the foregoing, backup withholding may apply if the payor has actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of any broker, U.S. or foreign, except that information reporting and such requirements may be avoided if the holder provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E or otherwise meets documentary evidence requirements for establishing non-U.S. person status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes, certain brokers with substantial U.S. ownership or operations will generally be treated in a manner similar to U.S. brokers.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be credited against the tax liability of persons subject to backup withholding, provided that the required information is timely furnished to the IRS.

Foreign Accounts

Sections 1471 through 1474 of the Code (commonly referred to as FATCA) impose a U.S. federal withholding tax of 30% on certain payments to a foreign financial institution (as specifically defined by

applicable rules) unless such institution enters into an agreement with the U.S. government to 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 holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). FATCA also generally imposes a federal withholding tax of 30% on certain payments to a non-financial foreign entity 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. An intergovernmental agreement between the United States and an applicable foreign country may modify those requirements. The withholding tax described above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules.

FATCA withholding currently applies to payments of dividends, if any, on our common stock and, subject to the proposed Treasury Regulations described in this paragraph, generally also would apply to payments of gross proceeds from the sale or other disposition of our common stock. The U.S. Treasury Department released proposed regulations which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to the gross proceeds of a disposition of our common stock. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers may generally rely on the proposed regulations until final regulations are issued. Non-U.S. holders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY RECENT OR PROPOSED CHANGE IN APPLICABLE LAW.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Jefferies LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
J.P. Morgan Securities LLC	
Jefferies LLC	
BofA Securities, Inc.	
Citigroup Global Markets, Inc.	
William Blair & Company, L.L.C.	
Guggenheim Securities, LLC	
Telsey Advisory Group LLC	
C.L. King & Associates, Inc.	
Loop Capital Markets LLC	
Penserra Securities LLC	
Samuel A. Ramirez & Company, Inc.	
Total:	

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and the selling stockholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ option to purchase additional shares described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter’s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us and the selling stockholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of common stock from us.

	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $ and expenses incurred in connection with the directed share program.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

We intend to apply to list our common stock on The Nasdaq Global Select Market under the trading symbol "HNST."

We, the selling stockholders, all directors and officers and the holders of all of our outstanding stock and stock options have agreed that, without the prior written consent of on behalf of the underwriters, we and they will not, and will not publicly disclose an intention to, during the period ending days after the date of this prospectus, or the restricted period:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- 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 above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph to do not apply to:

- the sale of shares to the underwriters; or
- the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;

- transactions by any person other than us relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares; provided that no filing under Section 16(a) of the Exchange Act is required or voluntarily made in connection with subsequent sales of the common stock or other securities acquired in such open market transactions; or
- facilitating the establishment of a trading plan on behalf of our stockholders, officers or directors pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by us regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period.

Certain of the exceptions described above are subject to a requirement that the transferee enter into a lock-up agreement with the underwriters containing similar restrictions.

, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under their option to purchase additional shares. The underwriters can close out a covered short sale by exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under their option to purchase additional shares. The underwriters may also sell shares in excess of their option to purchase additional shares, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing, and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses. Specifically, we expect JPMorgan Chase Bank, N.A., an affiliate of JPMorgan Securities LLC, one of the underwriters, to serve as administrative agent and lender under our 2021 Credit Facility.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Directed Share Program

At our request, the underwriters have reserved up to % of the shares of common stock offered by this prospectus for sale, at the initial public offering price, to . The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sale of the shares reserved for the directed share program. The directed share program will be arranged through Morgan Stanley & Co. LLC.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area, or each, a Relevant State, no shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and us that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not

been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase shares or subscribe for any shares, the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

We have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares in this document. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of us or the underwriters.

United Kingdom

In relation to the United Kingdom, no shares have been offered or will be offered pursuant to this offering to the public in the United Kingdom prior to publication of a prospectus in relation to the shares that either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, except that offers of shares may be made to the public in the United Kingdom at any time under the following exemptions under the UK Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or

(c) in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000, or FSMA.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any relevant state means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

We have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of shares as contemplated in this document. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of us or the underwriters.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in Article 2 of the UK Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the "Order," and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (e) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares in the United Kingdom within the meaning of FSMA. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in

with, relevant persons. Any person in the UK who is not a relevant person must not act on or rely upon this document or any of its contents or use it as the basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

Switzerland

The shares of common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this document nor any other offering or marketing material relating to the offering, us, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Dubai International Financial Center

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, or the Exempt Investors, who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take into account the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate for their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Canada

The shares of common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares of common stock have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares of common stock has been or may be issued or has been or may be in the possession of any person for the purposes of issuance, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares of common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended), or the FIEL, has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of common stock.

Accordingly, the shares of common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors, or QII

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred en bloc without subdivision to a single investor.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of common stock may not be circulated or distributed, nor may the shares of common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of common stock pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Chile

The shares of common stock are not registered in the Securities Registry (Registro de Valores) or subject to the control of the Chilean Securities and Exchange Commission (Superintendencia de Valores y Seguros de Chile). This prospectus supplement and other offering materials relating to the offer of the shares do not constitute a public offer of, or an invitation to subscribe for or purchase, the shares in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (Ley de Mercado de Valores) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

United Arab Emirates

The shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

Bermuda

Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority, or CMA, pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended, or the CMA Regulations. The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorized financial adviser.

British Virgin Islands

The shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by us or on our behalf. The shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands), or BVI Companies, but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This prospectus has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the shares for the purposes of the Securities and Investment Business Act, 2010, or SIBA, or the Public Issuers Code of the British Virgin Islands.

China

This prospectus does not constitute a public offer of shares, whether by sale or subscription, in the People's Republic of China, or the PRC. The shares are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

Korea

The shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the FSCMA, and the shares have been and will be offered in Korea as a private placement under the FSCMA. None of the shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. Furthermore, the purchaser of the shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the shares. By the purchase of the shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the shares pursuant to the applicable laws and regulations of Korea.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the shares has been or will be registered with the Securities Commission of Malaysia, or Commission, for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the shares, as principal, if the offer is on terms that the shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding 12 months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding 12 months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the shares is made by a holder of a Capital Markets Services License who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Taiwan

The shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the shares in Taiwan.

South Africa

Due to restrictions under the securities laws of South Africa, the shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

(i) the offer, transfer, sale, renunciation or delivery is to:

(a) persons whose ordinary business is to deal in securities, as principal or agent;

(b) the South African Public Investment Corporation;

(c) persons or entities regulated by the Reserve Bank of South Africa;

(d) authorized financial service providers under South African law;

(e) financial institutions recognized as such under South African law;

(f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or

(g) any combination of the person in (a) to (f); or

(ii) the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No “offer to the public” (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted), or the South African Companies Act) in South Africa is being made in connection with the issue of the shares. Accordingly, this document does not, nor is it intended to, constitute a “registered prospectus” (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the shares in South Africa constitutes an offer of the shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from “offers to the public” set out in section 96(1)(a) of the South African Companies Act. Accordingly, this document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as “SA Relevant Persons”). Any investment or investment activity to which this document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA Relevant Persons.

LEGAL MATTERS

The validity of the shares of common stock being offered by this prospectus will be passed upon for us by Cooley LLP, Santa Monica, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP, Menlo Park, California.

EXPERTS

The financial statements as of December 31, 2019 and 2020 and for the years then ended included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

Upon the 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 at www.sec.gov.

We also maintain a website at www.honest.com. Information contained in, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only as an inactive textual reference.

The Honest Company, Inc.
Index to Consolidated Financial Statements
December 31, 2019 and 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of The Honest Company, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Honest Company, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive loss, of redeemable convertible preferred stock and stockholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for redeemable convertible preferred stock in 2020.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
March 15, 2021

We have served as the Company's auditor since 2012.

The Honest Company, Inc.
Consolidated Balance Sheets
December 31, 2019 and 2020
(in thousands, except share amounts and par values)

	2019	2020
Assets		
Current assets		
Cash and cash equivalents	$ 13,543	$ 29,259
Restricted cash	—	1,752
Short-term investments	71,479	34,425
Accounts receivable, net	24,256	22,795
Inventories, net	52,541	76,669
Prepaid expenses and other current assets	6,073	8,657
Total current assets	167,892	173,557
Restricted cash, net of current portion	—	6,189
Property and equipment, net	61,224	56,703
Goodwill	2,230	2,230
Intangible assets, net	581	511
Other assets	2,095	1,542
Total assets	$ 234,022	$ 240,732
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Deficit		
Current liabilities		
Accounts payable	$ 20,775	$ 31,132
Accrued expenses	17,090	22,222
Deferred revenue	825	716
Total current liabilities	38,690	54,070
Long term liabilities		
Lease financing obligation, net of current portion	39,212	38,426
Other long-term liabilities	9,993	8,657
Total liabilities	87,895	101,153
Commitments and contingencies (Note 10)		
Redeemable convertible preferred stock:		
Redeemable convertible preferred stock, $0.0001 par value, 24,596,124 shares authorized at December 31, 2019 and 2020; 24,550,464 shares issued and outstanding as of December 31, 2019 and 2020; (liquidation preference of $396,726 as of December 31, 2020)	376,404	376,404
Stockholders' deficit		
Common stock, $0.0001 par value, 55,000,000 shares authorized at December 31, 2019 and 2020; 17,016,537 and 17,044,593 shares issued and outstanding as of December 31, 2019 and 2020, respectively	2	2
Additional paid-in capital	108,110	116,056
Accumulated deficit	(338,511)	(352,977)
Accumulated other comprehensive income	122	94
Total stockholders' deficit	(230,277)	(236,825)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 234,022	$ 240,732

The accompanying notes are an integral part of these consolidated financial statements.

The Honest Company, Inc.
Consolidated Statements of Comprehensive Loss
Years Ended December 31, 2019 and 2020
(in thousands, except share and per share amounts)

	2019	2020
Revenue	$ 235,587	$ 300,522
Cost of revenue	159,733	192,626
Gross profit	75,854	107,896
Operating expenses		
Selling, general and administrative	70,310	71,253
Marketing	31,864	44,478
Research and development	5,137	5,705
Total operating expenses	107,311	121,436
Operating loss	(31,457)	(13,540)
Interest and other income (expense), net	429	(837)
Loss before provision for income taxes	(31,028)	(14,377)
Income tax provision	55	89
Net loss	$ (31,083)	$ (14,466)
Net loss per share attributable to common stockholders:		
Basic and diluted	$ (1.83)	$ (0.85)
Weighted-average shares used in computing net loss per share attributable to common stockholders:		
Basic and diluted	16,958,162	17,037,786
Other comprehensive loss		
Unrealized gain (loss) on short-term investments, net of taxes	196	(28)
Comprehensive loss	$ (30,887)	$ (14,494)

The accompanying notes are an integral part of these consolidated financial statements.

The Honest Company, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
Years Ended December 31, 2019 and 2020
(in thousands, except share amounts)

	Redeemable Convertible Preferred Stock		Common		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss)/Income	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balances at December 31, 2018	24,533,329	$375,759	16,933,942	$ 2	$100,021	$ (308,358)	$ (74)	$ (208,409)
Impact from adoption of ASC 606	—	—	—	—	—	930	—	930
Net loss	—	—	—	—	—	(31,083)	—	(31,083)
Other comprehensive income	—	—	—	—	—	—	196	196
Issuance of Series D redeemable convertible preferred stock, net	36,426	1,371	—	—	—	—	—	—
Retirement of Series D redeemable convertible preferred stock, net	(19,291)	(726)	—	—	—	—	—	—
Stock options exercised	—	—	82,595	—	252	—	—	252
Stock-based compensation	—	—	—	—	7,837	—	—	7,837
Balances at December 31, 2019	24,550,464	$376,404	17,016,537	$ 2	$108,110	$ (338,511)	$ 122	$ (230,277)
Net loss	—	—	—	—	—	(14,466)	—	(14,466)
Other comprehensive income	—	—	—	—	—	—	(28)	(28)
Stock options exercised	—	—	28,056	—	41	—	—	41
Stock-based compensation	—	—	—	—	7,905	—	—	7,905
Balances at December 31, 2020	24,550,464	$376,404	17,044,593	$ 2	$116,056	$ (352,977)	$ 94	$ (236,825)

The accompanying notes are an integral part of these consolidated financial statements.

The Honest Company, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2020
(in thousands)

	2019	2020
Cash flows from operating activities		
Net loss	$(31,083)	$(14,466)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	7,672	4,854
Stock-based compensation	8,380	7,905
Other	(156)	166
Changes in assets and liabilities		
Accounts receivable, net	(2,458)	1,461
Inventories	4,649	(24,129)
Prepaid expenses and other assets	(1,421)	(1,496)
Accounts payable, accrued expenses and other long-term liabilities	(5,163)	13,748
Deferred revenue	(412)	(109)
Net cash used in operating activities	(19,992)	(12,066)
Cash flows from investing activities		
Purchase of short-term investments	(74,433)	(22,462)
Proceeds from sales of short-term investments	4,839	5,830
Proceeds from maturities of short-term investments	81,262	53,528
Purchase of property and equipment	(661)	(200)
Net cash provided by investing activities	11,007	36,696
Cash flows from financing activities		
Proceeds from exercise of stock options	252	41
Purchase and retirement of Series D redeemable convertible preferred stock	(285)	—
Payments on lease obligations	(272)	(1,014)
Net cash used in financing activities	(305)	(973)
Net increase (decrease) in cash, cash equivalents and restricted cash	(9,290)	23,657
Cash, cash equivalents and restricted cash		
Beginning of year	22,833	13,543
End of year	$ 13,543	$ 37,200
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	$ 13,543	$ 29,259
Restricted cash, current	—	1,752
Restricted cash, non-current	—	6,189
Total cash, cash equivalents and restricted cash	$ 13,543	$ 37,200
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	$ 1,724	$ 1,844
Income taxes	75	102
Supplemental disclosures of noncash activities		
Equipment acquired under capital lease obligations	$ 311	$ 71
Deferred offering costs included in accounts payable and accrued expenses	—	533
Capital expenditures included in accounts payable and accrued expenses	606	44

The accompanying notes are an integral part of these consolidated financial statements.

The Honest Company, Inc.
Notes to Consolidated Financial Statements
December 31, 2019 and 2020

1. Nature of Business

The Honest Company, Inc. (the "Company") was incorporated in the State of California on July 19, 2011 and on May 23, 2012 was re-incorporated in the State of Delaware under the same name. The Company is a mission-driven clean lifestyle brand that designs and sells environmentally sustainable products. The Company sells its products through digital and retail sales channels in the following product categories: diapers and wipes, skin and personal care, and household and wellness.

Capital Resources and Liquidity

The Company has incurred net losses and net cash outflows from operating activities since its inception. To date, the Company's available liquidity and operations have been financed primarily through the sale of redeemable convertible preferred stock, equity securities and to a lesser extent, debt financing. Although the Company is dependent on its ability to raise capital or generate sufficient cash flow from operations to achieve its business objectives, the Company believes its existing cash, cash equivalents, and short-term investments will be sufficient to meet its working capital and capital expenditure needs for at least the next twelve months. Future capital requirements will depend on many factors, including the Company's rate of revenue growth and the level of expenditures in all areas of the Company. To the extent that existing capital resources and sales growth are not sufficient to fund future activities, the Company will need to raise capital through additional equity or debt financings. Additional funds may not be available on terms favorable to the Company or at all. Failure to raise additional capital, if and when needed, could have a material adverse effect on the Company's financial position, results of operations, and cash flows.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company include the consolidated financial position and results of operations of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Change in Accounting Principle

As a private company, the Company presented its redeemable convertible preferred stock within stockholders' deficit. The deemed liquidation preference provisions of the Company's redeemable convertible preferred stock are considered contingent redemption provisions as they may result in a redemption not solely within the control of the Company, which require the redeemable convertible preferred stock to be presented in the mezzanine section of the consolidated balance sheets in filings with the Securities and Exchange Commission. In connection with the reissuance of the Company's 2019 consolidated financial statements, the Company reclassified its redeemable convertible preferred stock from stockholders' deficit to the mezzanine section of the consolidated balance sheets.

Segment Reporting and Geographic Information

The Company's Chief Executive Officer, as the chief operating decision maker, organizes the Company, manages resource allocations and measures performance on the basis of one operating segment. All of the Company's long-lived assets are located in the United States and substantially all of the Company's revenue is from customers located in the United States.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's estimates, which are subject to varying degrees of judgment, include the valuation of inventories, sales returns and allowances, allowances for doubtful accounts, valuation of short-term investments, valuation of build-to-suit lease, capitalized software, useful lives associated with long-lived assets, valuation allowances with respect to deferred tax assets, accruals and contingencies, recoverability of goodwill and long-lived assets, and the valuation and assumptions underlying stock-based compensation, common stock and redeemable convertible preferred stock. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus disease ("COVID-19") a pandemic. The full extent to which the outbreak of the COVID-19 pandemic will impact the Company's business, results of operations and financial condition is still unknown and will depend on future developments, which are uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

In light of the currently unknown ultimate duration and severity of COVID-19, the Company faces a greater degree of uncertainty than normal in making certain judgments and estimates needed to apply significant accounting policies. The Company assessed certain accounting matters and estimates that generally require consideration of forecasted information in context with the information reasonably available to the Company as of December 31, 2020 and through the date of this report. Management is not aware of any specific event or circumstance that would require an update to estimates or judgments or a revision to the carrying value of assets or liabilities. However, these estimates and judgments may change as new events occur and additional information is obtained, which may result in changes being recognized in the Company's consolidated financial statements in future periods.

Concentrations

Financial instruments that potentially subject the Company to credit risk consist principally of cash, cash equivalents, restricted cash, short-term investments and accounts receivable. The Company places its cash with high credit quality financial institutions, which may at times exceed federally insured limits. The Company invests its excess cash primarily in highly rated money market funds and short-term debt instruments, diversifies its investments and, by policy, invests only in highly rated securities to minimize credit risk.

At each reporting period, the Company reevaluates each customer's ability to satisfy credit obligations and maintains an allowance for doubtful accounts based on the evaluations.

The Company's customers that accounted for 10% or more of total accounts receivable, net, were as follows:

	As of December 31,	
	2019	2020
Customer A	58%	41%
Customer C	*	27%

* *Balance was less than 10% as of December 31, 2019*

The Company's customers that accounted for 10% or more of total revenue were as follows:

	Year Ended December 31	
	2019	2020
Customer A	26%	23%
Customer B	14%	22%

The Company currently buys all of its diapers from one supplier. Additionally, the Company currently buys substantially all of its wipes from one supplier. Management believes that other suppliers could provide similar products on reasonable terms. A change in suppliers, however, could cause a delay in manufacturing and a possible loss of sales, which would affect operating results adversely.

Cash, Cash Equivalents and Restricted Cash

Cash equivalents consist of short-term, highly liquid investments with stated maturities of three months or less from the date of purchase. Cash equivalents comprise amounts invested in money market funds. Restricted cash consists of deposits in a bank account used to collateralize the letters of credit for certain lease arrangements.

Investments

Investments consist of highly liquid investments in debt securities. Investments comprises commercial paper, certificates of deposit, corporate bonds and U.S. government and agency securities, which are classified as available-for-sale investments. The Company includes its available-for-sale investments in current assets because the securities represent investments of cash available for current operations. Available-for-sale investments are recorded at fair value, which is based on quoted market prices for such securities, if available, or is estimated on the basis of quoted market prices of financial instruments with similar characteristics. Unrealized holding gains and losses are excluded from earnings and are reported as a component of comprehensive loss. Realized gains or losses are recorded in interest and other income, net.

The Company evaluates the potential impairment through review of unrealized losses associated with its investments to determine if the impairment is "temporary" or "other-than-temporary." A "temporary" unrealized loss is recorded in the accumulated other comprehensive loss component of stockholders' deficit. Such an unrealized loss does not reduce net income for the applicable accounting period because the loss is not viewed as "other-than-temporary". If the impairment is determined to be "other-than-temporary" the loss is recorded as an impairment charge in the period any such determination is made. The factors evaluated to differentiate between "temporary" and "other-than-temporary" include the projected future cash flows, credit rating actions, and assessment of the credit quality of the underlying collateral, as well as other factors.

Accounts Receivable

Sales made through the Company's website are conducted with credit cards, and the Company records its credit card sales in transit as accounts receivable at selling price less applicable deductions. The Company also extends credit in the normal course of business to its third-party ecommerce customers and retailers and performs credit evaluations on a case-by-case basis. The Company does not obtain collateral or other security related to its accounts receivable.

Accounts receivable is presented net of allowances. The Company does not accrue interest on its trade receivables. On a periodic basis, the Company evaluates accounts receivable estimated to be uncollectible, and provides allowances as necessary for doubtful accounts. The allowance for doubtful accounts was not material as of December 31, 2019. The allowance for doubtful accounts was $1.4 million as of December 31, 2020, which was the result of the Company recognizing $1.4 million of bad debt expense during the year ended December 31, 2020.

Inventories

Inventories consist of finished goods and are stated at the lower of cost or estimated net realizable value. Cost is computed based on weighted average historical costs. The Company allocates certain overhead costs to the carrying value of its finished goods. The carrying value of inventories is reduced for any excess and obsolete inventory. Excess and obsolete inventory reductions are determined based on assumptions about future demand and sales prices, estimates of the impact of competition, and the age of inventory. If actual conditions are less favorable than those previously estimated by management, additional inventory write-downs could be required.

Property and Equipment, Net

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Repairs and maintenance costs are expensed as incurred. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is reflected in the consolidated statements of comprehensive loss. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets as follows:

Machinery and equipment	3–20 years
Computer and office equipment	3–5 years
Capitalized software and website development costs	1–5 years
Furniture and fixtures	3–5 years
Building	40 years
Leasehold improvements	Lesser of the estimated useful life or the remaining lease term

Deferred Offering Costs

Deferred offering costs consist of costs incurred in connection with the anticipated sale of the Company's common stock in an initial public offering ("IPO"), including certain legal, accounting, and other IPO related costs. After completion of the IPO, deferred offering costs are recorded in stockholders' deficit as a reduction from the proceeds of the offering. Should the Company terminate its planned IPO or if there is a significant delay, the deferred offering costs would be expensed to operating expenses in the consolidated statements of comprehensive loss. No deferred offering costs were recorded as of December 31, 2019. As of December 31, 2020, $0.5 million of deferred offering costs had been recorded in other assets on the Company's consolidated balance sheets.

Leases

The Company accounts for leases in accordance with Accounting Standards Codification ("ASC") No. 840, *Leases*. The Company leases certain equipment under capital lease agreements. The assets and liabilities under capital lease are recorded at the lesser of the present value of aggregate future minimum lease payments,

including estimated bargain purchase options, or the fair value of the asset under lease. Assets under capital lease are amortized using the straight-line method over the estimated useful life of the asset.

Rent expense on operating leases is recorded on a straight-line basis over the lease term. Deferred rent represents the difference between rent amounts paid and amounts recognized as straight-line expense. The excess of straight-line rent expense over lease payments due is recorded as a deferred rent liability in accrued expenses, for the current portion, and other long-term liabilities, for the noncurrent portion, in the consolidated balance sheets. As of December 31, 2019, the Company recorded deferred rent liabilities of $0.8 million in accrued expenses and $9.3 million in other long-term liabilities. As of December 31, 2020, the Company recorded deferred rent liabilities of $0.9 million in accrued expenses and $8.4 million in other long-term liabilities.

Build-to-Suit Lease

The Company records assets and liabilities for the fair value of buildings under lease when it is considered the owner for accounting purposes only, or build-to-suit leases, to the extent it is involved in the construction of structural improvements or takes construction risk prior to commencement of a lease. Upon completion of construction of facilities under build-to-suit leases, the Company assesses whether these arrangements qualify for sales recognition under the sale-leaseback accounting guidance. If the Company continues to be the deemed owner, the facilities are accounted for as financing obligations.

The Company records rent payments as a reduction of the lease financing obligation and imputed interest expense; ground rents are recorded as an operating expense. Upon completion of construction, the fair value of the lease property is depreciated over the building's estimated useful life. At the conclusion of the lease term, the Company will de-recognize both the then carrying values of the asset and financing obligation.

Capitalized Software and Website Development Costs

The Company accounts for its internal-use software costs and website development costs in accordance with ASC No. 350-40, *Internal-Use Software*, and ASC No. 350-50, *Website Development Costs*, respectively. The Company capitalizes costs to purchase and develop its websites and internal-use software and amortizes such costs on a straight-line basis over the estimated useful life of the software once it is available for its intended use. Capitalization of internal-use costs begins when the preliminary project stage is completed, management with the relevant authority authorizes and commits to the funding of the project, and it is probable that the project will be completed and will be used to perform the function intended. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended purpose. Capitalized internal-use software and website development costs, including purchased software, is recorded in property and equipment, net in the consolidated balance sheets.

For cloud-computing service arrangements, the Company capitalizes implementation costs consistent with internal-use software costs. Such capitalized costs are included within prepaid expenses and other current assets, for the current portion, and other assets, for the noncurrent portion, in the consolidated balance sheets and are expensed on a straight-line basis over the term of the service arrangement as selling, general and administrative expense. Capitalized implementation costs from cloud computing service arrangements was $1.4 million, net of $0.1 million of accumulated amortization as of December 31, 2019 and $0.9 million, net of $0.6 million of accumulated amortization as of December 31, 2020.

Goodwill

Goodwill represents the excess of purchase price over the fair value of net assets acquired in a business combination. Goodwill is not amortized but evaluated for impairment at least annually at the reporting unit level or whenever events or changes in circumstances indicate that the value may not be recoverable. Events or changes in circumstances which could trigger an impairment review include significant adverse changes in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner in which the Company uses the acquired assets or the strategy for the Company's overall business, significant industry or economic trends, or significant underperformance relevant to expected historical or projected future results of operations.

Goodwill is assessed for possible impairment by performing a qualitative analysis to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if the Company concludes otherwise, then the Company is required to perform the first of a two-step impairment test.

The first step involves comparing the estimated fair value of a reporting unit with its respective book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value of the reporting unit is less than its book value, then the carrying amount of the goodwill is compared with its implied fair value. The estimate of implied fair value of goodwill may require valuations of certain internally generated and unrecognized intangible assets. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. The Company tests goodwill for impairment annually at October 31.

The Company performed its annual goodwill impairment test at October 31, 2019 and 2020 and no impairment was identified.

Intangible Assets, Net

Intangible assets are stated at cost, net of accumulated amortization. Intangible assets consist of tradenames and domain names. Tradenames and domain names are amortized on a straight-line basis, which approximates the pattern in which the economic benefits are consumed, over the estimated useful lives of the assets of 15 years.

Impairment of Long-Lived Assets

The Company assesses the carrying value of its long-lived assets, consisting primarily of property and equipment and intangible assets, when there is evidence that events or changes in circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. Such events or changes in circumstances may include a significant decrease in the market price of a long-lived asset, a significant change in the extent or manner in which an asset is used, a significant change in legal factors or in the business climate, a significant deterioration in the amount of revenue or cash flows expected to be generated from a group of assets, a current expectation that, more likely than not a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life, or any other significant adverse change that would indicate that the carrying value of an asset or group of assets may not be recoverable. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities and are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates or tax law on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

A valuation allowance is provided on deferred tax assets when it is determined that it is more likely than not that some portion or all of the net deferred tax assets will not be realized.

The Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to income tax matters in income tax expense.

Foreign Currency Transactions

The Company records foreign currency gains or losses in other income, net in the consolidated statements of comprehensive loss, related to transactions denominated in currencies other than the U.S. dollar. During the years ended December 31, 2019 and 2020, foreign currency gains, net were $0.1 million and $0.1 million, respectively.

Contingent Liabilities

If a potential loss contingency is considered probable, and the amount can be reasonably estimated, the Company accrues a liability for an estimated loss. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability. The Company does not accrue for contingent losses that, in its judgment, are considered to be reasonably possible. However, if the Company determines that a contingent loss is reasonably possible and the loss or range of loss can be estimated, the Company discloses the possible loss in the consolidated financial statements. Legal costs are expensed as incurred.

Fair Value Measurements

Fair value 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 Company uses the following hierarchy in measuring the fair value of the Company’s assets and liabilities, focusing on the most observable inputs when available:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active for identical or similar assets and liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Valuations are based on inputs that are unobservable and significant to the overall fair value measurement of the assets or liabilities. Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Fair value is based on quoted market prices, if available. If listed prices or quotes are not available, fair value is based on internally developed models that primarily use market-based or independently sourced market parameters as inputs.

Cash equivalents, consisting primarily of money market funds, represent highly liquid investments with maturities of three months or less at purchase. Market prices, which are Level 1 in the fair value hierarchy, are used to determine the fair value of the money market funds.

Investments in debt securities are measured using broker provided indicative prices developed using observable market data, which are considered Level 2 in the fair value hierarchy.

Certain assets, including long-lived assets, goodwill and intangible assets are also subject to measurement at fair value on a nonrecurring basis if they are deemed to be impaired as a result of an impairment review. The fair value is measured using Level 3 inputs in the fair value hierarchy.

Revenue Recognition

The Company sells its products through digital and retail sales channels in the following product categories: diapers and wipes, skin and personal care, and household and wellness. The digital sales channel includes direct-to-consumer sales through the Company's website and sales to third-party ecommerce customers, who resell the Company's products through their own online platforms. The retail sales channel includes sales to traditional brick and mortar retailers, who may also resell the Company's products through their own online platforms.

The Company accounts for revenue contracts with customers by applying the following steps in accordance with ASC No. 606, *Revenue from Contracts with Customers*:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company elected as an accounting policy to record all shipping and handling costs as fulfillment costs. The Company accrues the cost of shipping and handling and recognizes revenue and costs at the point in time that control of the goods transfers to the customer.

Direct-to-Consumer

For direct sales to the consumer through the Company's website, the Company's performance obligation consists of the sale of finished goods to the consumer. Consumers may purchase products at any time or enter into subscription arrangements. Consumers place orders online in accordance with the Company's standard terms and

conditions and authorize payment when the order is placed. Credit cards are charged at the time of shipment. For subscription arrangements, consumers sign up to receive products on a periodic basis. Subscriptions are cancellable at any time without penalty, and no amounts are collected from the consumer until products are shipped. Revenue is recognized when transfer of control to the consumer takes place which is when the product is delivered to the carrier. Sales taxes collected from consumers are accounted for on a net basis and are excluded from revenue.

Consumers may purchase gift cards, which are recorded as deferred revenue at the time of purchase. The Company recognizes revenue when these gift cards are redeemed for products and the revenue recognition criteria as described above have been met. For the years ended December 31, 2019 and 2020, revenue recognized from the use of gift cards were not material. Deferred revenue related to gift card purchases as of December 31, 2019 and 2020 were not material.

Retail and Third-Party Ecommerce

For retail and third-party ecommerce sales, the Company's performance obligation consists of the sale of finished goods to retailers and third-party ecommerce customers. Revenue is recognized when control of the promised goods is transferred to those customers at time of shipment or delivery, depending on the contract terms. After the completion of the performance obligation, the Company has the right to consideration as outlined in the contract. Payment terms vary among the retail and third-party ecommerce customers although terms generally include a requirement of payment within 30 to 45 days of product shipment.

Sales Returns and Allowances

For direct-to-consumer, retail, and third-party ecommerce sales, the Company records estimated sales returns in the same period that the related revenue is recorded. The Company uses the expected value method to estimate returns, taking into consideration assumptions of demand based on historical data and historical returns rates. When estimating returns, the Company also considers future business initiatives and relevant anticipated future events. Estimated sales returns and ultimate losses may vary from actual results, which could be material to the consolidated financial statements. The estimated sales returns allowance is recorded as a reduction in revenue.

For direct-to-consumer, retail and third-party ecommerce sales, the Company offers credits in the form of discounts, which are recorded as reductions in revenue and are allocated to products on a relative basis based on their respective standalone selling price.

For retail and third-party ecommerce sales, the Company routinely commits to one-time or ongoing sales incentive programs with its customers that may require the Company to estimate and accrue the expected costs of such programs, including trade promotion activities and contractual allowances. The Company records these programs as a reduction to revenue unless it receives a distinct benefit in exchange for credits claimed by the customer and can reasonably estimate the fair value of the benefit received, in which case the Company records it as a marketing expense. The Company recognizes a liability or a reduction to accounts receivable, and reduces revenue based on the estimated amount of credits that will be claimed by customers. An allowance is recorded as a reduction to accounts receivable if the customer can deduct the program amount from outstanding invoices.

Estimates for these sales incentive programs are developed using the most likely amount and are included in the transaction price to the extent that a significant reversal of revenue would not result once the uncertainty is resolved. In developing its estimate, the Company uses historical analysis and contractual rates in determining

the accruals for these activities. The Company also considers the susceptibility of the incentive to outside influences, the length of time until the uncertainty is resolved and the Company's experience with similar contracts. Judgment is required to determine the timing and amount of recognition of sales incentive program accruals which the Company estimates based on past practice with similar arrangements.

The following table summarizes the changes in the allowance for sales incentive programs for retail and third-party ecommerce customers for the years ended December 31:

(In thousands)	2019	2020
Beginning balance	$ 4,455	$ 8,428
Charged to revenue	27,529	35,465
Charged to marketing expense	7,889	10,906
Utilization of accrual for trade promotions	(31,445)	(46,592)
Ending balance	$ 8,428	$ 8,207

At December 31, 2019 and 2020, $8.0 million and $7.8 million of the ending allowance balances were recorded as a reduction to accounts receivable, respectively.

Contract Assets

There are no material assets related to incremental costs to obtain or fulfill customer contracts.

Cost of Revenue

Cost of revenue includes the purchase price of merchandise sold to customers, inbound and outbound shipping and handling costs, freight and duties, shipping and packaging supplies, credit card processing fees and warehouse fulfillment costs incurred in operating and staffing warehouses, including rent. Cost of revenue also includes depreciation and amortization, allocated overhead and direct and indirect labor for warehouse personnel.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of personnel costs, principally for our selling and administrative functions. These include personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation expense. Selling, general and administrative expenses also include technology expenses, professional fees, facility costs, including insurance, utilities and rent relating to our headquarters, depreciation and amortization, and overhead costs.

Marketing

Marketing expenses includes costs related to the Company's branding initiatives, retail customer marketing activities, point of purchase displays, targeted online advertising through sponsored search, display advertising, email marketing campaigns, market research, content production and other public relations and promotional initiatives.

Advertising costs are expensed as incurred. Media production costs are expensed the first time the advertisement is aired. Deferred advertising costs consist mainly of point of purchase displays that are specifically branded for

the Company's products and provided to retailers in order to facilitate the marketing of the Company's products within retail stores. The point of purchase display costs are capitalized as deferred advertising costs and charged to marketing expense over the expected period of benefit, which generally ranges from one to three years. As of December 31, 2019 and 2020, the current portion of deferred advertising costs was $0.9 million and $1.4 million, respectively, which is included in prepaid expenses and other current assets. As of December 31, 2019 and 2020, the noncurrent portion of deferred advertising costs was $0.8 million and $0.2 million, respectively, which is included in other assets. Advertising expense was $28.9 million and $41.1 million for the years ended December 31, 2019 and 2020, respectively.

Research and Development

Research and development expenses relate to costs incurred for the development of new products, improvement in the quality of existing products and the development and implementation of new technologies to enhance the quality and value of products. Research and development expenses consist primarily of personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation expense. Research and development expenses also include allocated depreciation and amortization and overhead costs. The Company expenses research and development costs in the period they are incurred.

Stock-Based Compensation

The Company recognizes stock-based compensation expense for employees and non-employees based on the grant-date fair value of stock options over the applicable service period. For awards that vest based on continued service, stock-based compensation cost is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the awards. For awards with performance vesting conditions, stock-based compensation cost is recognized on a graded vesting basis over the requisite service period when it is probable the performance condition will be achieved. The grant date fair value of stock options that contain service or performance conditions is estimated using the Black-Scholes option-pricing model. The grant date fair value of restricted stock awards that contain service vesting conditions are estimated based on the fair value of the underlying shares on grant date. For awards with market vesting conditions, the fair value is estimated using a Monte Carlo simulation model, which incorporates the likelihood of achieving the market condition.

The Company grants certain stock option awards that contain service and performance vesting conditions. For these awards, the Company commences recognition of stock-based compensation cost once it is probable that the performance condition will be achieved. Once it is probable that the performance condition will be achieved, the Company recognizes stock-based compensation cost over the remaining requisite service period under a graded vesting model, with a cumulative adjustment for the portion of the service period that occurred for the period prior to the performance condition becoming probable of being achieved.

The Company also grants certain stock option awards that contain service, performance and market vesting conditions, where the performance condition is an initial public offering or a change in control event. This performance condition is not probable of being achieved for accounting purposes until the event occurs. Thereafter, expense is recognized when the event occurs even if the market condition was not or is not achieved, provided the employee continues to satisfy the service condition.

Determining the fair value of stock-based awards requires judgment. The Black-Scholes option-pricing model is used to estimate the fair value of stock options that have service and/or performance vesting conditions. The Monte Carlo simulation model is used to estimate the fair value of stock options that have market vesting

conditions. The assumptions used in these option-pricing models require the input of subjective assumptions and are as follows:

- *Fair value* - The fair value of the common stock underlying the Company's stock-based awards was determined by the Company's Board of Directors (the "Board"). Because there is no public market for the Company's stock, the Company's Board determined the common stock fair value at the stock option grant date by considering several objective and subjective factors, including the price paid for its common and preferred stock, actual and forecasted operating and financial performance, market conditions and performance of comparable publicly traded companies, developments and milestones within the Company, the rights, preferences, and privileges of its common and preferred stock, and the likelihood of achieving a liquidity event. The fair value of the underlying common stock will be determined by the Board until such time as the Company's common stock is listed on an established stock exchange or national market system. The fair value was determined in accordance with applicable elements of the practice aid issued by the American Institute of Certified Public Accountants, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation.*
- *Expected volatility* - Expected volatility is based on historical volatilities of a publicly traded peer group based on weekly price observations over a period equivalent to the expected term of the stock option grants.
- *Expected term* - For stock options with only service vesting conditions the expected term is determined using the simplified method, which estimates the expected term using the contractual life of the option and the vesting period. For stock options with performance or market conditions, the term is estimated in consideration of the time period expected to achieve the performance or market condition, the contractual term of the award, and estimates of future exercise behavior.
- *Risk-free interest rate* - The risk-free interest rate is based on the U.S. Treasury yield of treasury bonds with a maturity that approximates the expected term of the options.
- *Expected dividend yield* - The dividend yield is based on the Company's current expectations of dividend payouts. The Company has never declared or paid any cash dividends on its common stock, and the Company does not anticipate paying any cash dividends in the foreseeable future.

The determination of stock-based compensation cost is inherently uncertain and subjective and involves the application of valuation models and assumptions requiring the use of judgment. If the Company had made different assumptions, its stock-based compensation expense and its net loss could have been significantly different.

New shares are issued from authorized shares of common stock upon the exercise of stock options.

Recent Accounting Pronouncements

As an "emerging growth company", the Jumpstart Our Business Startups Act allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use the adoption dates applicable to private companies. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU') No. 2014-09, *Revenue from Customers with Contracts (Topic 606)* ("ASC 606"), as subsequently amended. The Company early adopted ASC 606 on January 1, 2019 on a modified retrospective basis. See Note 3 – Revenue.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this guidance require 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. The Company early adopted this guidance January 1, 2019. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which aligns the accounting for share-based payment awards issued to nonemployees with the guidance applicable to grants to employees. Under this new standard, equity-classified share-based payment awards issued to nonemployees will be measured on the grant date, instead of the current requirement to remeasure the awards through the performance completion date. Further, compensation cost for awards with performance conditions will be recognized when it is probable the conditions will be achieved, rather than at the lowest aggregate fair value of the award. The Company early adopted this guidance on January 1, 2019, concurrently with the adoption of ASC 606. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles Goodwill and Other Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which clarifies the accounting for implementation costs in cloud computing arrangements. The Company early adopted this guidance on January 1, 2019 and during 2019 capitalized certain implementation costs associated with cloud computing arrangements. See Capitalized Software and Development Costs accounting policy within this note.

Recently Issued Accounting Pronouncements – Not Yet Adopted

In February 2016, FASB issued ASU No 2016-02, *Leases (Topic 842)*, as subsequently amended, collectively codified under Topic 842. Topic 842 requires lessees to recognize on the balance sheet assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP which requires only capital leases to be recognized on the balance sheet the new ASU will require both types of leases to be recognized on the balance sheet. ASU 2016-02 was effective for public business entities for fiscal years beginning after December 15, 2018. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) – Effective Dates for Certain Entities*, which extended the effective date of this guidance for certain non-public entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is evaluating the adoption of this guidance and the potential effects on its consolidated financial statements. The Company anticipates the adoption of this guidance may result in a material impact to the Company's consolidated financial statements as it relates to its build-to-suit lease and recording other operating leases on the consolidated balance sheets.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, to amend the accounting for credit losses for certain financial instruments. This guidance replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses. In November 2019, FASB issued ASU No. 2019-10 which delayed the effective dates of the guidance. This guidance is effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies ("SRC") for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years and all other entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is evaluating the adoption of this guidance and the potential effects on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* The amendments in this guidance eliminate Step 2 from the goodwill impairment test, whereby an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, under this amendment, an entity should perform its goodwill impairment test by comparing the value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. In November 2019, the FASB issued ASU No. 2019-10 which delayed the effective dates of this guidance. This guidance is effective for public business entities excluding entities eligible to be SRCs for annual and any interim impairment test performed for periods beginning after December 15, 2019. For all other entities the guidance is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is evaluating the adoption of this guidance and the potential effects on the consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* This standard simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC 740 as well as by improving consistent application of the topic by clarifying and amending existing guidance. For public business entities, the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period for (1) public business entities for periods for which financial statements have not yet been issued and (2) all other entities for periods for which financial statements have not yet been made available for issuance. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period. The Company is currently evaluating the timing of adoption and impact on the Company's consolidated financial statements.

3. Revenue

Impact of ASC 606 adoption

The primary impact of the adoption of ASC 606 related to direct-to-consumer sales that were previously deferred until delivery had occurred but under ASC 606 are recognized at the time of shipment. Upon adoption of ASC

606 on January 1, 2019, the Company recognized a reduction to accumulated deficit of $0.9 million, a reduction to inventory of $0.5 million and a reduction to deferred revenue of $1.4 million.

Disaggregation of revenue

Revenue by sales channel is as follows for the years ended December 31:

(In thousands)	2019	2020
Digital	$128,716	$166,733
Retail	106,871	133,789
	$235,587	$300,522

Revenue by major product category is as follows for the years ended December 31:

(In thousands)	2019	2020
Diapers and wipes	$161,855	$188,452
Skin and personal care	58,706	79,542
Household and wellness	15,026	32,528
	$235,587	$300,522

4. Investments

At December 31, 2019 and 2020, all investments in debt securities are classified as available-for-sale investments. All investments are reported within current assets because the securities represent investments of cash available for current operations. As of December 31, 2019 and 2020, the Company held $47.8 million and $27.5 million, respectively, of investments with contractual maturities of less than one year. As of December 31, 2019 and 2020, the Company held $23.6 million and $6.9 million , respectively, of investments with contractual maturities between one and two years. Available-for-sale investments are recorded at fair value, and unrealized holding gains and losses are recorded as a component of other comprehensive loss. The following table summarizes the Company's available-for-sale investments as of December 31:

	2019			
(In thousands)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
Corporate bonds	$ 36,431	$ 71	$ (5)	$ 36,497
Commercial paper	515	—	—	515
Certificates of deposit	15,144	16	—	15,160
U.S. government and agency securities	19,267	42	(2)	19,307
	$ 71,357	$ 129	$ (7)	$ 71,479

(In thousands)	2020 Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
Corporate bonds	$ 22,894	$ 58	$ (3)	$ 22,949
Commercial paper	538	—	—	538
Certificates of deposit	4,447	1	—	4,448
U.S. government and agency securities	6,452	38	—	6,490
	$ 34,331	$ 97	$ (3)	$ 34,425

Realized gains and losses on investments in debt securities were not material for the years ended December 31, 2019 and 2020.

5. Fair Value Measurements

Financial assets measured and recorded at fair value on a recurring basis consist of the following as of December 31:

(In thousands)	2019 Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$2,645	$ —	$ —	$ 2,645
Total cash equivalents	2,645	—	—	2,645
Short-term investments				
Corporate bonds	—	36,498	—	36,498
Commercial paper	—	515	—	515
Certificates of deposit	—	15,159	—	15,159
U.S. government and agency securities	—	19,307	—	19,307
Total short-term investments	—	71,479	—	71,479
Total	$2,645	$71,479	$ —	$74,124

(In thousands)	2020 Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$12,696	$ —	$ —	$12,696
Total cash equivalents	12,696	—	—	12,696
Short-term investments				
Corporate bonds	—	22,949	—	22,949
Commercial paper	—	538	—	538
Certificates of deposit	—	4,448	—	4,448
U.S. government and agency securities	—	6,490	—	6,490
Total short-term investments	—	34,425	—	34,425
Total	$12,696	$34,425	$ —	$47,121

The carrying amounts for the Company's accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short maturities.

6. Property and Equipment, Net

Property and equipment consisted of the following as of December 31:

(In thousands)	2019	2020
Machinery and equipment	$ 12,228	$ 12,030
Computer and office equipment	2,003	1,356
Capitalized software	5,082	4,924
Furniture and fixtures	4,185	4,204
Leasehold improvements	15,833	15,833
Building	42,147	42,147
	81,478	80,494
Accumulated depreciation and amortization	(20,254)	(23,791)
Total property and equipment, net	$ 61,224	$ 56,703

The Company capitalized the fair value of buildings under build-to-suit lease arrangements where it is considered the owner, for accounting purposes only. See Note 10 – Commitments and Contingencies, for additional information.

The Company enters into capital lease agreements for certain equipment. During the years ended December 31, 2019 and 2020, the gross assets recorded under capital leases were $1.6 million and $1.7 million , respectively. For the years ended December 31, 2019 and 2020, depreciation and amortization of equipment under capital lease obligations was $0.3 million and $0.3 million, respectively.

Total depreciation and amortization expense for property and equipment, inclusive of depreciation and amortization expense for equipment under capital lease obligations, was $7.5 million and $4.9 million for the years ended December 31, 2019 and 2020, respectively.

For the year ended December 31, 2019, property and equipment depreciation and amortization expense of $2.3 million, $0.2 million and $5.0 million were allocated to cost of revenues, research and development and selling, general and administrative expenses, respectively.

For the year ended December 31, 2020, property and equipment depreciation and amortization expense of $2.3 million, $0.3 million and $2.3 million were allocated to cost of revenues, research and development and selling, general and administrative expenses, respectively.

7. Intangible Assets, Net

Intangible assets consisted of the following as of December 31:

	2019		
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Tradenames	$ 770	$ (335)	$ 435
Domain names	287	(141)	146
Total intangible assets, net	$ 1,057	$ (476)	$ 581

	2020		
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Tradenames	$ 770	$ (386)	$ 384
Domain names	287	(160)	127
Total intangible assets, net	$ 1,057	$ (546)	$ 511

As of December 31, 2020, the weighted average remaining useful lives for tradenames and domain names was 7.9 and 6.8 years, respectively.

Amortization expense amounted to $0.1 million and $0.1 million for the years ended December 31, 2019 and 2020, respectively. Estimated future amortization expense for each of the following five years ending December 31 and thereafter is as follows:

(In thousands)	
2021	$ 70
2022	70
2023	70
2024	70
2025	70
Thereafter	161
	$511

8. Credit Facilities

In May 2017, the Company entered into an Asset Backed Loan facility (“ABL Revolver”) with a financial institution that provides advances up to $50.0 million including sub-limits for letters of credit and swingline loans. The facility was scheduled to mature in May 2022. Advances under the ABL Revolver bore interest on the outstanding balance at an applicable rate of either (a) the LIBOR rate plus a spread or (b) the CBFR rate plus a spread, depending on the type of advance elected by the Company and the fixed charge coverage ratio measured at the time. The facility included a commitment fee of 0.25% or 0.375% per annum, depending on the applicable rate, as well as participation fees and fronting fees that are determined based on letter of credit exposure. The

facility also had affirmative covenants, such as required financial reporting, compliance with laws as well as restrictions on other indebtedness and guaranties, liens, dividends or distributions, certain dispositions and certain investments. In addition, the credit facility contains customary events of default provisions. As of December 31, 2019, the Company had no outstanding borrowings under the ABL Revolver and the interest rate on the ABL Revolver was 5.25%.

On June 4, 2020, the Company terminated the ABL Revolver. The Company had no outstanding borrowings under the ABL Revolver immediately prior to termination. Upon termination of the ABL Revolver, the Company was required to post collateral of $7.9 million in a restricted cash account to collateralize the letters of credit related to certain facility leases.

As of December 31, 2020, the letters of credit issued related to facility leases totaled $7.7 million, which is collateralized by the Company's restricted cash of $7.9 million.

9. Accrued Expenses

Accrued expenses consisted of the following as of December 31:

(In thousands)	2019	2020
Payroll and payroll related expenses	$ 3,822	$ 6,115
Accrued inventory purchases	3,242	4,588
Accrued sales and use tax	1,032	820
Accrued returns	2,154	2,585
Other accrued expenses	6,840	8,114
Total accrued expenses	$ 17,090	$ 22,222

10. Commitments and Contingencies

Leases

The Company leases warehouse and office facilities under operating lease agreements, some of which contain free rent periods and escalation clauses. Rent expense is recorded on a straight-line basis over the lease term with the difference between the rent paid and the straight-line rent expense recorded as a deferred rent liability.

On November 16, 2016, the Company entered into a warehouse facility lease in Las Vegas, Nevada. The lease term is ten years and four months, commencing on August 15, 2017. The lease contains both free rent periods and escalation clauses, which update every twelve months. The lease contains two renewal options each with a period for up to five years.

The Company concluded that it was deemed the owner, for accounting purposes only, of the warehouse facility under build-to-suit lease accounting due to its involvement in the construction activities of the facility. The fair market value of the building was capitalized as a noncash transaction, offset by a corresponding liability on the consolidated balance sheets. Upon completion of construction, the Company retained the fair value of the leased property and the obligation on its consolidated balance sheets as it did not qualify for sales recognition under the sale-leaseback accounting guidance due to continuing involvement in the leased property. Accordingly, the Company accounted for the facility as a financing arrangement. As of December 31, 2020, the Company has capitalized $38.6 million in property and equipment, net and a corresponding current and noncurrent financing obligation of $39.2 million in relation to this arrangement.

On January 15, 2016, the Company entered into a second amendment of its warehouse facility lease in Ontario, California, in order to exercise the option to extend the lease term by five years through October 31, 2021. The Company's warehouse facility lease contains a further renewal option period for up to five years. In November 2017, the Company entered into an agreement to sublease this facility for a term of three years and nine months beginning February 1, 2018.

On July 8, 2015, the Company entered into an office facility lease for its headquarters. The lease term is an eleven-year period commencing on March 1, 2016 and contains both free rent periods and escalation clauses, which update every twelve months. The Company's headquarters lease contains two renewal options each with a period for up to five years. In May 2017, the Company entered into an agreement to sublease a portion of this facility for a term of five years beginning June 1, 2017. In December 2018, the Company amended the sublease agreement to sublease another portion of this facility through July 2022.

As of December 31, 2020, the future minimum rental payments under noncancelable leases with offsetting sublease receipts are as follows:

(In thousands)	Facility Leases	Subleases	Build-to-Suit Lease	Capital Leases
Years Ending December 31,				
2021	5,814	(2,657)	2,565	373
2022	5,231	(1,115)	2,639	238
2023	5,754	—	2,713	14
2024	5,916	—	2,788	—
2025	6,082	—	2,868	—
Thereafter	7,610	—	5,836	—
Future minimum lease payments (income)	$36,407	$ (3,772)	$ 19,409	$ 625
Less: Amount representing interest				(23)
Present value of future lease payments				$ 602

Rent expense totaled $5.2 million for each of the years ended December 31, 2019 and 2020. Sublease rent income totaled $2.7 million for each of the years ended December 31, 2019 and 2020.

In connection with three of the Company's facilities leases, the Company was required to obtain irrevocable letters of credit in lieu of security deposits. The letters of credit totaled $8.6 million and $7.7 million as of December 31, 2019 and 2020, respectively, and expire within a set number of days after the expirations of the facilities leases. In connection with the Company's office facility lease, following the fourth year of the lease, the letter of credit balance can be reduced annually by a stated amount in the lease agreement, so long as the Company complies with certain covenants. In connection with the Company's warehouse lease, the letter of credit balance is reduced annually by a stated amount in the lease agreement, so long as the Company complies with certain covenants.

Purchase Commitments

The Company has unconditional purchase commitments for software service subscriptions, advertising services and certain other services. Future minimum payments under these unconditional purchase commitments as of December 31, 2020 are as follows:

(In thousands)	
Years Ending December 31,	
2021	2,233
2022	147
2023	141
2024	—
2025	—
Thereafter	—
Future minimum payments	$2,521

Litigation

On September 17, 2019, the Nevada Department of Taxation (the "Department") issued a Deficiency Notice against the Company to initiate administrative legal proceedings before the Department for the alleged non-compliance with employee retention requirements provided in exchange for tax benefits in establishing the Company's Las Vegas distribution center in a December 2016 Abatement Agreement the Company had executed with the State of Nevada via its Governor's Office of Economic Development. The Company has denied the allegations. An administrative hearing was held in the matter on January 15, 2021. There is no assurance of a favorable outcome and the potential loss resulting from this matter could be up to $0.6 million plus interest, for which the Company has recorded an accrual of $0.6 million in accrued expenses on the consolidated balance sheets as of December 31, 2019 and 2020.

On September 23, 2020, the Center for Advanced Public Awareness served a 60-Day Notice of Violation on the Company, alleging that the Company violated California's Health and Safety Code ("Prop 65") because of the amount of lead in the Company's Diaper Rash Cream and seeking statutory penalties and product warnings available under Prop 65. The Company intends to vigorously defend itself in this matter. The matter's outcome and materiality are uncertain at this time. Therefore, the Company cannot estimate the probability of loss or range of loss in this matter.

On January 28, 2021, Rosaura Navar filed a putative class action compliant (Rosaura Navar, et al. v. The Honest Company, Inc.—Los Angeles County Superior Court, Case No. 21STCV03381) alleging that the Company violated California's Unfair Competition Law by failing to comply with California's Automatic Renewal Law. The complaint demands restitution, injunctive and declaratory relief. The Company intends to vigorously defend itself in this matter. The outcome and materiality of this legal proceeding are uncertain to the Company. Accordingly, the Company cannot estimate the probability of loss or range of loss in this matter.

From time to time, the Company may be subject to various legal proceedings, claims, and litigation arising in the ordinary course of business. As of December 31, 2019 and 2020, the Company is not subject to any other currently pending legal matters or claims that could have a material adverse effect on its financial position, results of operations, or cash flows should such litigation be resolved unfavorably.

Indemnifications

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third-parties. These indemnifications may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company has never paid a material claim, nor has the Company been involved in litigation in connection with these indemnification arrangements. As of December 31, 2019 and 2020, the Company has not accrued a liability for these guarantees as, the likelihood of incurring a payment obligation, if any, in connection with these guarantees is not probable or reasonably estimable.

11. Redeemable Convertible Preferred Stock and Stockholders' Deficit

Redeemable convertible preferred stock of the Company represents the issued and outstanding shares of Series A, Series A-1, Series B, Series C, Series D, Series E and Series F as of December 31, 2019 and 2020.

The following table summarizes the redeemable convertible preferred stock information as of December 31, 2019 and 2020:

(In thousands, except for share amounts)	Authorized Shares	Issued and Outstanding Shares	Carrying Value	Liquidation Preference
Series A Redeemable Convertible Preferred Stock	5,673,759	5,673,759	$ 6,000	$ 6,000
Series A-1 Redeemable Convertible Preferred Stock	5,777,008	5,777,008	20,796	21,000
Series B Redeemable Convertible Prefered Stock	2,275,786	2,275,786	42,106	50,000
Series C Redeemable Convertible Preferred Stock	2,587,102	2,587,102	90,586	100,000
Series D Redeemable Convertible Preferred Stock	2,272,972	2,227,312	101,239	101,911
Series E Redeemable Convertible Preferred Stock	3,459,102	3,459,102	67,685	67,815
Series F Redeemable Convertible Preferred Stock	2,550,395	2,550,395	47,992	50,000
Total	24,596,124	24,550,464	$ 376,404	$ 396,726

Preferred Stock Rights and Preferences

The rights and preferences associated with the Company's Series A, Series A-1, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock are summarized as follows:

Conversion Rights

Each share of Series A, Series A-1, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock outstanding is convertible at any time, at the option of the holder, into common stock as determined below.

Each share of Series A, Series A-1, Series B, Series C, Series D, Series E, and Series F redeemable convertible preferred stock is convertible into the number of shares that results from dividing 1) the original issue price by 2) the conversion price. The initial conversion price for Series A, Series A-1, Series B, Series C, Series D, Series E

and Series F redeemable convertible preferred stock is equal to the original issue price, and accordingly, each share of redeemable convertible preferred stock is convertible into one share of common stock as of December 31, 2020. The Series A, Series A-1, Series B, Series C, Series D, Series E, and Series F redeemable convertible preferred stock may be adjusted for certain dilutive issuances, splits and combinations, dividends and distributions, and mergers or reorganizations. The original issue price per share of the Series A, Series A-1, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock was $1.0575, $3.6351, $10.9852, $27.0573, $45.7550, $19.6048 and $19.6048, respectively.

Each share of Series A and Series A-1 redeemable convertible preferred stock will automatically convert upon the earlier of a written consent of the majority of the holders of the outstanding shares of Series A and Series A-1 redeemable convertible preferred stock, voting together as a single class, on an as-converted basis, or immediately prior to the closing of a firm commitment underwritten public offering pursuant to an effective registration statement filed under the Securities Act of 1933 (as amended, the "Securities Act") at a price of at least $18.1755 per share in which the gross proceeds to the Company are at least $50.0 million.

Each share of Series B redeemable convertible preferred stock will automatically convert upon the earlier of a written consent of two-thirds of the holders of the outstanding shares of Series B redeemable convertible preferred stock or immediately prior to the closing of a firm commitment underwritten public offering pursuant to an effective registration statement filed under the Securities Act in which the gross proceeds to the Company are at least $50.0 million.

Each share of Series C redeemable convertible preferred stock will automatically convert upon the earlier of a written consent of at least a majority of the holders of the outstanding shares of Series C redeemable convertible preferred stock or immediately prior to the closing of a firm commitment underwritten public offering pursuant to an effective registration statement filed under the Securities Act in which the gross proceeds to the Company are at least $70.0 million.

Each share of Series D redeemable convertible preferred stock will automatically convert upon the earlier of a written consent of at least a majority of the holders of the outstanding shares of Series D redeemable convertible preferred stock or immediately prior to the closing of a firm commitment underwritten public offering pursuant to an effective registration statement filed under the Securities Act in which the gross proceeds to the Company are at least $100.0 million.

Each share of Series E redeemable convertible preferred stock will automatically convert upon the earlier of a written consent of at least a majority of the holders of the outstanding shares of Series E redeemable convertible preferred stock or immediately prior to the closing of a firm commitment underwritten public offering pursuant to an effective registration statement filed under the Securities Act in which the gross proceeds to the Company are at least $100.0 million.

Each share of Series F redeemable convertible preferred stock will automatically convert upon the earlier of a written consent of at least a majority of the holders of the outstanding shares of Series F redeemable convertible preferred stock or immediately prior to the closing of a firm commitment underwritten public offering pursuant to an effective registration statement filed under the Securities Act in which the gross proceeds to the Company are at least $100.0 million.

In the event the sale of shares in a firm commitment underwritten public offering is less than $33.8216 per share with respect to the Series C and Series D redeemable convertible preferred stock, $24.5060 per share with respect to the Series E and F redeemable convertible preferred stock, or $21.9704 per share with respect to the Series B

redeemable convertible preferred stock, each an IPO Target Price, the redeemable convertible preferred stock conversion price is adjusted based on the product of the redeemable convertible preferred stock original issue price and the public offering price divided by IPO Target Price. The IPO Target Price feature results in the preferred stockholder receiving a fixed dollar amount on conversion settled into a variable number of shares, or a stock-settled redemption feature. Upon settlement of this stock-settled redemption feature, the Company will record a gain or loss on extinguishment of the redeemable convertible preferred stock as an adjustment to net income (loss) to arrive at net income (loss) attributable to common stockholders to calculate earnings per share. The extinguishment gain or loss is measured as the difference between the carrying amount of the redeemable convertible preferred stock and the fair value of common stock upon the IPO date.

Dividend Rights

Common stockholders are entitled to non-cumulative dividends when and if declared by the Board. If any dividend is paid on any share of common stock, such dividends shall be distributed among all holders of common stock, any such other class or series of capital stock and Preferred Stock in proportion to the number of shares of Common Stock that would be held by each such holder if all shares of such other class or series of capital stock and Preferred Stock were converted to Common Stock at the then effective conversion rate.

For the years ended December 31, 2019 and 2020, no dividends were declared nor paid.

Liquidation

Upon any liquidation event, the holders of Series A, Series A-1, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock are entitled to receive distributions prior to and in preference to any distributions of any of the assets of the Company to the holders of common stock. The holders of Series A, Series A-1, Series D, Series E and Series F redeemable convertible preferred stock are entitled to receive an amount per share equal to the original issue price, plus all declared but unpaid dividends. The holders of Series B redeemable convertible preferred stock are entitled to receive an amount per share equal to two times the original issue price, plus all declared and unpaid dividends. The holders of Series C redeemable convertible preferred stock are entitled to receive an amount per share equal to 1.42857 times the original issue price, plus all declared and unpaid dividends. If amounts available to be distributed are insufficient to pay the liquidation preferences of the redeemable convertible preferred stock in full, then the entire assets and funds of the Company legally available for distribution will be distributed to the holders of Series A, Series A-1, Series B, Series C, Series D, Series E, and Series F redeemable convertible preferred stock ratably in proportion to the preferential amount each holder would have otherwise been entitled to receive. After payment of the liquidation preferences to the holders of redeemable convertible preferred stock, all remaining assets, if any, are distributed to the holders of common stock.

A liquidation event is defined as a liquidation, dissolution or winding up of the Company, an acquisition of the Company in which the shares of capital stock held prior to the acquisition do not represent a majority of the voting power held after the acquisition, or a disposition of substantially all of the assets of the Company. The liquidation preference provisions of the Series A, Series A-1, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock are considered contingent redemption provisions because there are certain elements that are not solely within the control of the Company, such as a change in control of the Company. Accordingly, the redeemable convertible preferred stock is presented in the mezzanine section of the consolidated balance sheets.

Voting Rights

The holders of Series A, Series A-1, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock have the right to one vote for each share of common stock into which such Series A, Series A-1, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock could then be converted. Common stockholders receive one voting right per share held.

Redemption Rights

The preferred stock is not redeemable at the option of the holder.

Shares Available for Issuance

As of December 31, 2020, there were no shares of Series A, Series A-1, Series B, Series C, Series D, Series E, or Series F redeemable convertible preferred stock available for issuance. As of December 31, 2020, the number of common shares available for issuance under the Company's amended certificate of incorporation were as follows:

Authorized number of common shares	55,000,000
Common shares outstanding	(17,044,593)
Stock awards outstanding under the 2011 Plan	(9,019,021)
Stock awards available for grant under the 2011 Plan	(1,297,539)
Reserve for the conversion of preferred stock	(24,550,464)
Available for issuance	3,088,383

12. Stock-Based Compensation

Stock Options

The Company's 2011 Stock Incentive Plan (the "2011 Plan"), which is stockholder-approved, permits the grant of incentive and nonqualified stock options, stock awards, stock units or stock appreciation rights of common stock. As of December 31, 2020, there were 12,603,685 shares authorized and 1,297,539 shares available for grant under the 2011 Plan.

Executive officers, other employees of the Company, nonemployee directors and others who provide substantial services to the Company are eligible to be granted awards under the 2011 Plan. The Company believes that such awards align the interest of its employees with those of its stockholders. Generally, stock options vest 25% on the first anniversary of the vesting commencement date and then monthly thereafter for 36 months, or pursuant to another vesting schedule as approved by the Board and set forth in the option agreement. Certain options and share awards provide for accelerated vesting upon certain events as described in the terms of the option and award agreements. Stock options have a maximum term of ten years.

During the years ended December 31, 2019 and 2020, the Company recorded stock-based compensation expense related to stock options granted under the 2011 Plan of $7.8 million and $7.9 million, respectively. For the year ended December 31, 2019, $7.5 million and $0.3 million of stock-based compensation expense were allocated to selling, general and administrative and research and development expense, respectively. For the year ended December 31, 2020, $7.6 million and $0.3 million of stock-based compensation expense were allocated to selling, general and administrative and research and development expense, respectively.

During the year ended December 31, 2018, the Board amended the unexercised portion of 4,280,534 stock options related to 239 option holders to reduce the exercise price of each eligible option to $10.25 per share. The incremental cost recognized during the years ended December 31, 2019 and 2020 as a result of this modification was $0.8 million and $0.7 million, respectively, which was included within the stock-based compensation expense recognized for the years ended December 31, 2019 and 2020 of $7.8 million and $7.9 million, respectively.

The following table summarizes the key input assumptions used in the Black-Scholes option-pricing model and the Monte Carlo simulation model to estimate the fair value of stock options granted to employees and non-employees during the years ended December 31:

	2019	2020
Expected life of options (in years)	5.27 - 6.46	6.02 - 6.08
Expected stock price volatility	45% - 50%	50% - 60%
Risk free interest rate	1.68% - 2.91%	0.30% - 0.97%
Expected dividend yield	0%	0%
Weighted average grant-date fair value per share of stock options granted	$ 5.40	$ 4.06

The following table summarizes the stock option activity for the year ended December 31, 2020:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Term *(Years)*	Intrinsic Value *(In thousands)*
Outstanding at December 31, 2019	8,337,235	$ 10.27	6.6	$ 5,073
Granted	1,807,751	10.72		
Exercised	(28,056)	1.46		
Forfeited	(1,097,909)	9.61		
Outstanding at December 31, 2020	9,019,021	$ 10.46	6.3	$ 8,635
At December 31, 2020				
Exercisable	6,073,108	$ 10.20	5.3	$ 7,437

The intrinsic value of options exercised during the years ended December 31, 2019 and 2020 were $0.7 million and $0.3 million, respectively. This intrinsic value represents the difference between the fair value of the Company's common stock on the date of exercise and the exercise price of each option.

The total fair value of options vested during the years ended December 31, 2019 and 2010 were $8.3 million and $7.6 million, respectively.

As of December 31, 2020, total unrecognized stock-based compensation cost related to unvested stock options was approximately $12.8 million, which is expected to be recognized over a weighted average period of 4.3 years.

Performance and market vesting conditions

Since 2018 the Company has granted stock options that vest based upon achieving a Qualifying Liquidity Event, provided the employee remains employed on the date the vesting condition is satisfied. As of December 31,

2020, such stock options to purchase 1,221,459 shares of common stock were outstanding with a weighted average exercise price of $11.08 per share. The Qualifying Liquidity Event is defined as the first to occur of: (1) a Change in Control (as defined in the employment agreement) or (2) the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, for the sale of the Company's common stock, but only if the Board determines that the fair market value of a share of the Company's common stock in connection with such event is at least 1.5 times, 2 times or 2.5 times the per-share exercise price of the option, depending on the award. The fair market value with respect to the event described in clause (1) will be based on the total purchase price per share of common stock in connection with such event and the fair market value with respect to the event described in clause (2) will be the price per share at which shares are first sold to the public in the Company's initial public offering. If an event in clauses (1) or (2) occurs and the Board determines that the fair market value of a share of the Company's common stock in connection with such event is less than the defined multiple of the per-share exercise price of the option, then the options terminate as of the occurrence of such event. The Company determined the grant date fair value of the awards on the date of grant using the Monte Carlo simulation model. As of December 31, 2020, there has been no Qualifying Liquidity Event, and therefore, no expense has been recognized related to these options. As of December 31, 2019 and 2020, total unrecognized stock-based compensation cost related to these stock options was approximately $0.7 million and $3.1 million, respectively.

Performance vesting condition

In 2018 and 2019 the Company granted stock options that vest based upon achieving certain performance conditions provided the employee remains employed on the date the performance condition is satisfied. Of these options, 50% vest upon the Board's confirmation that the Company has achieved net revenue of a least $420.0 million over any rolling twelve-month period prior to December 31, 2021 ("the Revenue Achievement") and the remaining 50% vest upon the Board's confirmation that the Company has achieved adjusted EBITDA of at least $58.0 million over any rolling twelve-month period prior to December 31, 2021 ("the EBITDA Achievement"). Through December 31, 2019, the Company determined that neither the Revenue Achievement nor the EBITDA Achievement was probable of occurring. Therefore, no expense was recognized through December 31, 2019.

In February 2020, the Company modified the terms of these awards such that the awards vest solely based upon a Qualifying Liquidity Event where the fair market value of a share of the Company's common stock in connection with such event is at least 1.5 times the per-share exercise price of the option. The fair value of these awards on the date of modification was $0.8 million, which will be recognized as stock-based compensation expense when the Qualifying Liquidity Event occurs. As of December 31, 2020, such stock options to purchase 261,250 shares of common stock were outstanding with a weighted-average exercise price of $11.53 per share. Total unrecognized stock-based compensation cost related to these stock options as of December 31, 2020 was $0.7 million, which is included in the $3.1 million of unrecognized stock-based compensation cost related to the performance and market vesting awards.

Restricted Stock Awards and Units

In April 2017, the Company granted Restricted Stock Awards (RSAs) to an officer of the Company. The underlying security for the restricted stock awards is the Series D redeemable convertible preferred stock. During the year ended December 31, 2019, the Company recorded stock-based compensation expense of $0.5 million related to restricted stock awards to selling, general and administrative expense. The restricted stock awards were fully vested and reported in the mezzanine section of the Company's consolidated balance sheets as of December 31, 2019 and 2020. As of December 31, 2019 and 2020, the officer held 41,762 shares of Series D redeemable convertible preferred stock.

The Company recorded the shares initially as liabilities which were remeasured to fair value each period until six months after vesting when they were reclassified to redeemable convertible preferred stock in the mezzanine portion of the consolidated balance sheets. The officer is able to put these shares back to the Company at fair value upon termination for any reason other than cause. The put right expires upon the consummation of the Company's first underwritten public offering of its common stock under the Securities Act, or upon a consummation of a corporate transaction, as defined, in which the stock is converted into the right to receive consideration consisting of cash, publicly-traded securities or a combination thereof.

13. Net Loss per Share Attributable to Common Stockholders

The Company computes earnings per share using the two-class method required for participating securities. The two-class method requires net income be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. In periods where the Company has net losses, losses are not allocated to participating securities as they are not required to fund the losses. The Company considers its redeemable convertible preferred stock to be participating securities as preferred stockholders have rights to participate in dividends with the common stockholders.

Basic net loss attributable to common stockholders per share is computed by dividing the net loss by the weighted average number of common stock outstanding for the period. For periods in which the Company has reported net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share, since the impact of potentially dilutive common stock and other equity instruments is anti-dilutive.

The following potentially dilutive shares were excluded from the computation of diluted net loss per share because including them would have been antidilutive for the years ended December 31:

(In thousands)	2019	2020
Redeemable convertible preferred stock	24,550	24,550
Stock options to purchase common stock	8,337	9,019
Total	32,887	33,569

14. Employee Benefit Plan

The Company has a 401(k) retirement plan that covers substantially all full-time employees who meet the plan's eligibility requirements and provides for an employee elective contribution. Matching contributions were $0.8 million and $0.8 million during the years ended December 31, 2019 and 2020, respectively.

15. Income Taxes

The components of income tax provision consisted of the following for the years ended December 31:

(In thousands)	2019	2020
Current		
Federal	$—	$—
State	55	89
	55	89
Deferred		
Federal	—	—
State	—	—
	—	—
Income tax provision	$ 55	$ 89

The reconciliation of income tax benefit computed at the U.S. Federal statutory rate of 21% to the Company's income tax provision is as follows for the years ended December 31:

(In thousands)	2019	2020
Income tax benefit at the federal statutory rate	$(6,534)	$(3,019)
State income taxes, net of federal benefit	(2,015)	831
Permanent differences for equity compensation	(120)	2,353
Nondeductible items	387	82
Change in valuation allowance	8,337	(158)
	$ 55	$ 89

The tax effects of temporary differences that gave rise to significant portions of deferred tax assets and liabilities as of December 31 were as follows:

(In thousands)	2019	2020
Deferred tax assets		
Intangible assets	$ 168	$ 141
Accrued expenses	3,883	3,958
Deferred revenue	7	—
Allowances, reserves and other	2,345	2,970
Stock-based compensation	15,306	13,648
Net operating loss and other carryforwards	69,167	69,905
Total deferred tax assets	90,876	90,622
Valuation allowance	(85,083)	(84,934)
Net deferred tax assets	5,793	5,688
Deferred tax liabilities		
Deferred revenue	—	(6)
Property and equipment	(449)	(481)
Prepaid expenses	(181)	(224)
State taxes	(5,163)	(4,977)
Total deferred tax liabilities	(5,793)	(5,688)
Net deferred taxes	$ —	$ —

As of December 31, 2020, the Company had federal and state net operating loss carryforwards of $243 million and $220 million, respectively. Federal and state net operating loss carryforwards begin to expire in 2032. Federal NOLs generated after January 1, 2018 would not expire, but would only be available to offset up to 80% of the Company's future taxable income.

The Internal Revenue Code of 1986, as amended, imposes substantial restrictions on the utilization of net operating losses and other tax attributes in the event of an "ownership change" of a corporation. Accordingly, a company's ability to use pre-change net operating loss and research tax credits may be limited as prescribed under IRC Sections 382 and 383. Events which may cause limitation in the amount of the net operating losses and credits that the Company utilizes in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period. The Company performed a study to determine whether net operating losses and credit carryover limitations exist under Section 382 as of December 31, 2020, and determined that a portion of the net operating losses that were generated during 2013 and prior are subject to Section 382 annual limitations. The Company has determined it should be able to fully utilize these net operating losses before they expire, provided the Company generates sufficient taxable income.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible or includable in taxable income. Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2020. Such objective evidence limits the ability to consider other subjective evidence

such as its projections for future growth. On the basis of this evaluation, at December 31, 2020, a full valuation allowance has been recorded since it is more likely than not that the deferred tax assets will not be realized.

The following table summarizes the changes in the valuation allowance for the years ended December 31:

(In thousands)	2019	2020
Beginning balance	$77,073	$85,083
Increase (decrease) to valuation allowance	8,337	(158)
Decrease due to adoption of ASC 606	(254)	—
Other increases (decreases)	(73)	9
Ending balance	$85,083	$84,934

The Company is subject to taxation in the U.S. federal and various state jurisdictions. The Company does not have any uncertain tax positions. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense but did not incur any interest and penalties during the years ended December 31, 2019 and 2020. The Company is subject to examination from federal tax authorities for years 2017, 2018, 2019, and 2020. To the extent allowed by law, the federal and state tax authorities may have the right to examine prior periods where net operating losses or tax credits were generated and carried forward and make adjustments up to the amount of the net operating loss or credit carryforward.

16. Related Party Transactions

In April 2020, the Company engaged Summit House Studios LLC, a third-party consultant, to provide digital ad production services. Summit House Studios LLC is owned by a major shareholder of the Company. The Company incurred $0.3 million of advertising cost for the year ended December 31, 2020, which is reported as marketing expense in the Company's consolidated statement of comprehensive loss. Of the total advertising cost incurred for the year ended December 31, 2020, $0.1 million is included in accounts payable on the Company's consolidated balance sheet.

17. Subsequent Events

The Company has evaluated subsequent events through March 15, 2021, the date these consolidated financial statements were available to be issued.

In February 2021, the Company granted 100,000 restricted stock units (RSUs) to an officer of the Company of which 40,000 RSUs will vest over a period of four years based on continued service and 60,000 RSUs will vest one year after the occurrence of a liquidity event, including an IPO. The grant-date fair value of this award was $2.0 million.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Unless otherwise indicated, all references to "The Honest Company," the "company," "we," "our," "us" or similar terms refer to The Honest Company, Inc. and its subsidiaries.

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the Securities and Exchange Commission, or the SEC, registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the exchange listing fee.

SEC registration fee	$ 10,910
FINRA filing fee	15,500
Exchange listing fee	*
Printing and engraving expenses	*
Legal and other advisory fees and expenses	*
Accounting fees and expenses	*
Custodian, transfer agent and registrar fees	*
Miscellaneous	*
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 that will be in effect immediately prior to the completion of this offering permits 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 that will be in effect immediately prior to the completion of this offering provide that we will indemnify our directors and executive officers and permit us to indemnify our other officers, employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and executive officers, whereby we have agreed to indemnify our directors and executive officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or executive officer was, or is threatened to be made, a party by reason of the fact that such director or executive officer is or was a director, executive officer, employee or agent of The Honest Company, Inc., provided that such director or executive officer acted in good faith and in a manner that the director or executive officer reasonably believed to be in, or not opposed to, the best interest of The Honest Company, Inc. At present, there is no pending litigation or proceeding involving a director or executive officer of The Honest Company, Inc. regarding which indemnification is sought, nor is the registrant 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 Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his capacity as such.

The underwriters are obligated, under certain circumstances, under the underwriting agreement to be filed as Exhibit 1.1 hereto, to indemnify us and our officers and directors against liabilities under the Securities Act.

Item 15. Recent Sales of Unregistered Securities.

Since January 1, 2018, we have made the following sales of unregistered securities:

Equity Plan-Related Issuances

1. Since January 1, 2018, we have issued to our directors, officers, employees, consultants and other service providers an aggregate of 472,169 shares of our common stock at per share purchase prices ranging from $0.20 to $12.59 pursuant to exercises of options under our Amended and Restated 2011 Stock Incentive Plan, or 2011 Plan.
2. Since January 1, 2018, we have granted to our directors, officers, employees, consultants and other service providers options to purchase 5,674,126 shares of our common stock with per share exercise prices ranging from $10.25 to $11.94 under our 2011 Plan.
3. In February 2021, we granted a restricted stock units to be settled for 100,000 shares of our common stock to one of our officers under our 2011 Plan.

Common Stock Issuances

4. In June 2018, we issued and sold an aggregate of 4,347,826 shares of our common stock to one accredited investor at a price per share of $11.50, for an aggregate purchase price of $50.0 million.

Preferred Stock Issuances

5. In June 2018, we issued and sold an aggregate of 2,550,395 shares of our Series F redeemable convertible preferred stock to one accredited investor at a price per share of $19.6048, for an aggregate purchase price of $50.0 million.

The offers, sales and issuances of the securities described in paragraphs (1) through (3) were deemed to be exempt from registration under Rule 701 promulgated under the Securities Act as transactions under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The recipients of such securities were our directors, officers, employees, consultants or other service providers and received the securities under our equity incentive plans. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offers, sales and issuances of the securities described in paragraphs (4) through (5) were deemed to be exempt under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D under the Securities Act as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions 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. Each of the recipients of securities in these transactions was an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act and had adequate access, through employment, business or other relationships, to information about us. No underwriters were involved in these transactions.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of Registrant, as amended, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of Registrant, to be in effect immediately prior to the completion of the offering.
3.3	Bylaws of Registrant, as currently in effect.
3.4*	Form of Amended and Restated Bylaws of Registrant, to be in effect immediately prior to the completion of the offering.
4.1*	Form of Common Stock Certificate.
5.1*	Opinion of Cooley LLP.
10.1	Amended and Restated Investors' Rights Agreement, dated as of June 11, 2018.
10.2+	2011 Plan and forms of agreements thereunder.
10.3+*	2021 Equity Incentive Plan and forms of agreements thereunder.
10.4+*	2021 Employee Stock Purchase Plan and forms of agreements thereunder.
10.5+*	Non-Employee Director Compensation Policy.
10.6+*	Form of Indemnity Agreement entered into by and between Registrant and each director and executive officer.
10.7+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Nikolaos Vlahos.
10.8+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Jessica Warren.
10.9+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Donald Frey.
10.10+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Janis Hoyt.
10.11+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Kelly Kennedy.
10.12+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Glenn Klages.
10.13+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Jasmin Manner.
10.14+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Sharareh Parvaneh.
10.15+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Rick Rexing.
10.16+*	Amended and Restated Employment Agreement, dated , 2021, by and between the Registrant and Brendan Sheehey.

Exhibit Number	Description
10.17	Office Lease, dated as of July 8, 2015, by and between the Registrant and CV Latitude 34 LLC.
10.18	Warehouse Lease Agreement, dated as of November 16, 2016, by and between the Registrant and GLP US Management LLC (as successor in interest to PHI Donovan Land, LLC), as amended.
10.19†*	Amazon Vendor Terms and Conditions.
10.20†*	Amendment to Vendor Terms and Conditions, dated as of March 20, 2017, by and between the Registrant and Amazon Fulfillment Services, Inc.
10.21†*	Costco Wholesale Standard Terms.
10.22†*	Costco Wholesale Basic Vendor Agreement, dated as of March 4, 2013, by and between the Registrant and Costco Wholesale Corporation.
10.23†*	Target Conditions of Contract.
10.24†*	Logistics Services Agreement, dated as of January 31, 2014, by and between the Registrant and Geodis Logistics, LLC (f/k/a Ozburn-Hessey Logistics, LLC).
10.25†*	Amendment One to the Logistics Services Agreement, dated as of March 7, 2014, by and between the Registrant and Geodis Logistics, LLC (f/k/a Ozburn-Hessey Logistics, LLC).
10.26†*	Amendment Two to the Logistics Services Agreement, dated as of October 3, 2014, by and between the Registrant and Geodis Logistics, LLC (f/k/a Ozburn-Hessey Logistics, LLC).
10.27†*	Amendment Three to the Logistics Services Agreement, dated as of December 4, 2014, by and between the Registrant and Geodis Logistics, LLC (f/k/a Ozburn-Hessey Logistics, LLC).
10.28†*	Amendment Four to the Logistics Services Agreement, dated as of December 26, 2014, by and between the Registrant and Geodis Logistics, LLC (f/k/a Ozburn-Hessey Logistics, LLC).
10.29*	Amendment Five to the Logistics Services Agreement, dated as of March 3, 2016, by and between the Registrant and Geodis Logistics, LLC (f/k/a Ozburn-Hessey Logistics, LLC).
10.30†*	Amendment Six to the Logistics Services Agreement, dated as of January 3, 2017, by and between the Registrant and Geodis Logistics, LLC.
10.31†*	Amendment Seven to the Logistics Services Agreement, dated as of May 1, 2017, by and between the Registrant and Geodis Logistics, LLC.
10.32†*	Amendment Eight to the Logistics Services Agreement, dated as of May 18, 2017, by and between the Registrant and Geodis Logistics, LLC.
10.33†*	Amendment Nine to the Logistics Services Agreement, dated as of March 28, 2018, by and between the Registrant and Geodis Logistics, LLC.
10.34†*	Amendment Ten to the Logistics Services Agreement, dated as of November 2, 2018, by and between the Registrant and Geodis Logistics, LLC.
10.35†*	Amendment Eleven to the Logistics Services Agreement, dated as of July 19, 2018, by and between the Registrant and Geodis Logistics, LLC.
10.36*	Amendment Twelve to the Logistics Services Agreement, dated as of October 31, 2019, by and between the Registrant and Geodis Logistics, LLC.
10.37†*	Amendment Thirteen to the Logistics Services Agreement, dated as of November 1, 2019, by and between the Registrant and Geodis Logistics, LLC.
10.38*	Amendment Fourteen to the Logistics Services Agreement, dated as of November 14, 2019, by and between the Registrant and Geodis Logistics, LLC.
10.39†*	Amendment Fifteen to the Logistics Services Agreement, dated as of December 18, 2019, by and between the Registrant and Geodis Logistics, LLC.

Exhibit Number	Description
10.40†*	Second Amended and Restated Contract Manufacturing Agreement, dated as of January 1, 2019, by and between the Registrant and Valor Brands LLC, a.k.a. Ontex North America.
10.41†*	Amendment No. 1 to Second Amended and Restated Contract Manufacturing Agreement, dated as of January 1, 2020, by and between the Registrant and Valor Brands LLC, a.k.a. Ontex North America.
10.42†*	Amendment No. 2 to Second Amended and Restated Contract Manufacturing Agreement, dated as of May 1, 2020, by and between the Registrant and Valor Brands LLC, a.k.a. Ontex North America.
10.43*	Amendment No. 3 to Second Amended and Restated Contract Manufacturing Agreement, dated as of July 8, 2020, by and between the Registrant and Valor Brands LLC, a.k.a. Ontex North America.
10.44*	Credit Agreement, dated as of , 2021, by and among the Registrant, JPMorgan Chase Bank, N.A., and the other parties thereto.
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
23.2*	Consent of Cooley LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page to this registration statement).
99.1	Consent of Susan Gentile to be Named as a Director Nominee.

* To be filed by amendment.
† Portions of this exhibit (indicated by asterisks) have been omitted because the registrant has determined that the information is both not material and is the type that the registrant treats as private or confidential.
+ Indicates management contract or compensatory plan.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. 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 on Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act will be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Los Angeles, California, on April 9, 2021.

THE HONEST COMPANY, INC.

By: /s/ Nikolaos Vlahos
Name: Nikolaos Vlahos
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Nikolaos Vlahos, Kelly Kennedy and Brendan Sheehey, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Nikolaos Vlahos Nikolaos Vlahos	Chief Executive Officer and Director (*Principal Executive Officer*)	April 9, 2021
/s/ Jessica Warren Jessica Warren	Chief Creative Officer and Director	April 9, 2021
/s/ Kelly Kennedy Kelly Kennedy	Executive Vice President, Chief Financial Officer (*Principal Financial and Accounting Officer*)	April 9, 2021
/s/ Katie Bayne Katie Bayne	Director	April 9, 2021
/s/ Scott Dahnke Scott Dahnke	Director	April 9, 2021
/s/ Eric Liaw Eric Liaw	Director	April 9, 2021
/s/ Jeremy Liew Jeremy Liew	Director	April 9, 2021
/s/ Avik Pramanik Avik Pramanik	Director	April 9, 2021

Exhibit 3.1

Execution Version

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
THE HONEST COMPANY, INC.

The Honest Company, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is The Honest Company, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on May 23, 2012.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is The Honest Company, Inc. (the **"Corporation"**).

SECOND: The address of the registered office of the Corporation in the State of Delaware is 160 Greentree Drive, Suite 101, in the City of Dover 19904, County of Kent. The name of its registered agent at such address is National Registered Agents, Inc.

THIRD: 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.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 79,596,124, consisting of (i) 55,000,000 shares of Common Stock, $0.0001 par value per share ("**Common Stock**") and (ii) 24,596,124 shares of Preferred Stock, $0.0001 par value per share ("**Preferred Stock**").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the Corporation is subject to Section 2115 of the California Corporations Code. During such time or times that the Corporation is subject to Section 2115(b) of the California Corporations Code, 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 (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) 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. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

3. Dividend Rights. Subject to the rights of holders of all classes of stock at the time outstanding having rights as to dividends as set forth in Section B.1 below, the holders of Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, 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 of the Corporation. For the avoidance doubt, the rights of the holders of Common Stock to receive dividends shall not not be junior or subordinated to any right or entitlement of the holders of Preferred Stock to receive dividends.

4. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, or other Liquidation Event (as defined below), the assets of the Corporation shall be distributed as provided in Section B.2 hereof.

5. Redemption. The Common Stock is not redeemable at the option of the holders thereof.

B. PREFERRED STOCK

5,673,759 shares of the Preferred Stock of the Corporation are hereby designated "**Series A Preferred Stock**", 5,777,008 shares of the Preferred Stock of the Corporation are hereby designated "**Series A-1 Preferred Stock**", 2,275,786 shares of Preferred Stock of the Corporation are hereby designated "**Series B Preferred Stock**", 2,587,102 shares of Preferred Stock of the Corporation are hereby designated "**Series C Preferred Stock**", 2,272,972 shares of Preferred Stock of the Corporation are hereby designated "**Series D Preferred Stock**", 3,459,102 shares of Preferred Stock of the Corporation are hereby designated "**Series E Preferred Stock**" and 2,550,395 shares of Preferred Stock of the Corporation are hereby designated "**Series F Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "Sections" or "Subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends. If any dividend is paid on any share of Common Stock in accordance with Section A.3 above, such dividend, payable out of funds legally available therefor, shall be distributed among all holders of Common Stock, any such other class or series of capital stock and Preferred Stock in proportion to the number of shares of Common Stock that would be held by each such holder if all shares of such other class or series of capital stock and Preferred Stock were converted to Common Stock at the then effective conversion rate. For the avoidance of doubt, the holders of outstanding shares of Preferred Stock shall not be entitled to receive any dividends prior or in preference to any declaration or payment of any dividend on shares of Common Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event (defined below) (a "**Liquidation Event**"), the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (a)(i) with respect to the shares of Series A Preferred Stock and Series A-1 Preferred Stock, the Series A Original Issue Price for the Series A Preferred Stock and the Series A-1 Original Issue Price for the Series A-1 Preferred Stock, plus any dividends declared but unpaid thereon, (ii) with respect to the shares of Series B Preferred Stock, two (2) times the Series B Original Issue Price, plus any dividends declared but unpaid thereon, (iii) with respect to the shares of Series C Preferred Stock, 1.42857 times the Series C Original Issue Price, plus any dividends declared but unpaid thereon, (iv) with respect to the shares of Series D Preferred Stock, the Series D Original Issue Price, plus any dividends declared but unpaid thereon, (v) with respect to the shares of Series E Preferred Stock, the Series E Original Issue Price, plus any dividends declared but unpaid thereon, or (vi) with respect to the shares of Series F Preferred Stock, the Series F Original Issue Price, plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, or Series F Preferred Stock, as applicable, been converted into Common Stock pursuant to Section 4 immediately prior to such Liquidation Event, assuming, for purposes of making the calculation provided for in this clause (b) of this sentence, the conversion into Common Stock of all shares of each series of Preferred Stock that would receive a greater per share liquidation payment if converted into Common Stock than if remaining as Preferred Stock (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series A Liquidation Amount**" for the Series A Preferred Stock, the "**Series A-1 Liquidation Amount**" for the Series A-1 Preferred Stock, the "**Series B Liquidation Amount**" for the Series B Preferred Stock, the "**Series C Liquidation Amount**" for the Series C Preferred Stock, the "**Series D Liquidation Amount**" for the Series D Preferred Stock, the "**Series E Liquidation Amount**" for the Series E Preferred Stock, and the "**Series F Liquidation Amount**" for the Series F Preferred Stock). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its

stockholders shall be insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The "**Series A Original Issue Price**" shall mean $1.0575 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock. The "**Series A-1 Original Issue Price**" shall mean $3.6351 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Preferred Stock. The "**Series B Original Issue Price**" shall mean $10.9852 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock. The "**Series C Original Issue Price**" shall mean $27.0573 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock. The "**Series D Original Issue Price**" shall mean $45.7550 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Preferred Stock. The "**Series E Original Issue Price**" shall mean $19.6048 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock. The "**Series F Original Issue Price**" shall mean $19.6048 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series F Preferred Stock.

2.2 Payment to Holders of Common Stock. In the event of a Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1. Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless waived by the affirmative vote or written consent of the holders of a majority of the outstanding shares of Preferred Stock, voting as a separate class and on an as-converted basis:

(a) a merger or consolidation, in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock

that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation;

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation, or

(c) a transfer (whether by merger, consolidation or otherwise), other than pursuant to a bona-fide equity financing, in one transaction or a series of related transactions to which the Corporation is a party, to a person or group of affiliated persons (other than an underwriter of the Corporation's securities) that prior to such transfer does not hold 10% or more of the outstanding voting stock of the Corporation on an as-converted basis, if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of the Corporation (or the surviving or acquired entity).

Notwithstanding this Subsection 2.3.1, a transaction shall not constitute a Deemed Liquidation Event if the primary purpose is to change the jurisdiction of the Corporation's incorporation, create a holding company that will be owned in substantially the same proportions by the persons who held the Corporation's securities immediately before such transactions, or to effect a customary venture capital financing of the Corporation.

2.3.2. Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(ii), 2.3.1(b) or 2.3.1(c), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within 90 days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the 90th day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (ii) to require the redemption of such shares of Preferred Stock, and (ii) if the holders of at least a majority of the then outstanding shares of Preferred Stock (voting together as a separate class and on an as-converted basis) so request in a written instrument delivered to the Corporation not later than 120 days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the

Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the 150th day after such Deemed Liquidation Event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the Series A Liquidation Amount, Series A-1 Liquidation Amount, Series B Liquidation Amount, Series C Liquidation Amount, Series D Liquidation Amount or Series E Liquidation Amount, as applicable. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall ratably redeem each holder's shares of Preferred Stock to the fullest extent of such Available Proceeds, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. The provisions of Subsections 2.3.2(c), 2.3.2(d) and 2.3.2(e) shall apply to the redemption of the Preferred Stock pursuant to this Subsection 2.3.2(b). Prior to the distribution or redemption provided for in this Subsection 2.3.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

(c) To effect the redemption contemplated by Subsection 2.3.2(b), the Corporation shall send written notice of the mandatory redemption (the "**Redemption Notice**") to each holder of record of Preferred Stock not less than 40 days prior to such redemption date. Each Redemption Notice shall state:

(i) the number of shares of Preferred Stock held by the holder that the Corporation shall redeem on the redemption date specified in the Redemption Notice;

(ii) the redemption date and the redemption price;

(iii) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Subsection 4.1); and

(iv) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Preferred Stock to be redeemed.

If the Corporation receives, on or prior to the 20th day after the date of delivery of the Redemption Notice to a holder of Preferred Stock, written notice from such holder that such holder elects to have all or any portion of such holder's shares of Preferred Stock excluded from the redemption provided in this Subsection 2.3.2, then such excluded shares of Preferred Stock registered on the books of the Corporation in the name of such holder at the time of the Corporation's receipt of such notice shall thereafter be "**Excluded Shares**." Excluded Shares shall not be redeemed or redeemable pursuant to this Subsection 2.3.2, whether on such redemption date or thereafter.

(d) On or before the applicable redemption date, each holder of shares of Preferred Stock to be redeemed on such redemption date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 4, shall surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably

acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the redemption price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Preferred Stock represented by a certificate are redeemed, a new certificate representing the unredeemed shares of Preferred Stock shall promptly be issued to such holder.

(e) If the Redemption Notice shall have been duly given, and if on the applicable redemption date the redemption price payable upon redemption of the shares of Preferred Stock to be redeemed on such redemption date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor in a timely manner, then notwithstanding that the certificates evidencing any of the shares of Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Preferred Stock shall cease to accrue after such redemption date and all rights with respect to such shares shall forthwith after the redemption date terminate, except only the right of the holders to receive the redemption price without interest upon surrender of their certificate or certificates therefor.

2.3.3. Amount Deemed Paid or Distributed. If the proceeds received by the Corporation or its stockholders in connection with a Liquidation Event are other than cash, the value of such proceeds shall be their fair market value as determined in good faith by the Board of Directors of the Corporation and the holders of a majority of the outstanding shares of Preferred Stock, voting as a separate class and on an as-converted basis; provided, however, that any securities shall be valued as follows:

(a) For securities not subject to investment letters or other similar restrictions on free marketability,

(i) if traded on a national securities exchange or a national quotation system, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the 10-day trading period ending three days prior to the closing of such transaction;

(ii) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 10-day period ending three days prior to the closing of such transaction; or

(iii) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors of the Corporation and the holders of a majority of the outstanding shares of Preferred Stock, voting as a separate class and on an as-converted basis.

(b) For the purposes of this Subsection 2.3.3, “trading day” shall mean any day which the exchange or system on which the securities to be distributed are traded is open and “closing prices” or “closing bid prices” shall be deemed to be: (1) for securities traded primarily on the New York Stock Exchange, the NYSE American or the Nasdaq Stock Market, the last reported trade price or sale price, as the case may be, at 4:00 p.m., New York time, on that day,

and (2) for securities listed or traded on other exchanges, markets and systems, the market price as of the end of the regular hours trading period that is generally accepted as such for such exchange, market or system. If, after the date hereof, the benchmark times generally accepted in the securities industry for determining the market price of a stock as of a given trading day shall change from those set forth above, the fair market value shall be determined as of such other generally accepted benchmark times.

(c) The method of valuation of securities subject to investment letters or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall take into account an appropriate discount from the market value as determined pursuant to clause (a) above so as to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors of the Corporation and the holders of a majority of the outstanding shares of Preferred Stock, voting as a separate class and on an as-converted basis.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class.

3.2 Election of Directors. So long as at least 1,000,000 shares of Series A Preferred Stock (as adjusted for any stock dividends, stock splits, stock combinations, recapitalizations or similar events with respect to such shares) remain outstanding, the holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation (the "**Series A Director**"). So long as at least 400,000 shares of Series B Preferred Stock (as adjusted for any stock dividends, stock splits, stock combinations, recapitalizations or similar events with respect to such shares) remain outstanding, the holders of record of the shares of Series A-1 Preferred Stock and Series B Preferred Stock, voting together as a single class on an as-converted basis, shall be entitled to elect one director of the Corporation (the "**Series A-1/B Director**"). The holders of record of the shares of Series F Preferred Stock, exclusively and as a separate class and on an as-converted basis, shall be entitled to elect two directors of the Corporation (the "**Series F Directors**"). The holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect two directors of the Corporation (the "**Common Directors**"). The holders of record of the shares of Preferred Stock and Common Stock, voting together as a single class and on an as-converted basis, shall be entitled to elect one director of the Corporation (the "**Joint Director**"). All of the directors of the Corporation shall be elected pursuant to and in accordance with that certain Amended and Restated Voting Agreement of the Corporation, dated on or around the Filing Date, and as may be amended from time to time (the "**Voting Agreement**"). Any director elected as provided in the preceding six sentences may be removed from the Board, either with or without cause, only by the affirmative vote or written consent of the holders of the outstanding shares of class or series of capital 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. If holders of a class or series fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first five sentences of Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of such class or series elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. 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. A vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to Subsection 3.2.

3.3 Preferred Stock Protective Provisions. At any time when at least 4,000,000 shares of Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class and on an as-converted basis, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.3.1. consummate a Liquidation Event, enter into an exclusive license of all or substantially all of the Corporation's intellectual property, or acquire capital stock or assets of another company involving the payment, contribution or assignment by the Corporation of stock or assets greater than (i) $25,000,000 for any one such acquisition or (ii) an aggregate of $50,000,000 for all such acquisitions in any given 12 month period;

3.3.2. authorize or issue, or obligate itself to issue, any other equity security (or any security convertible into or exercisable for any such equity security) having a preference over, or being on a parity with, the Preferred Stock with respect to voting rights, dividend rights, redemption rights or liquidation preferences, other than shares of Preferred Stock authorized under this Certificate of Incorporation;

3.3.3. increase or decrease (other than by redemption or conversion) the authorized number of shares of Common Stock or Preferred Stock;

3.3.4. amend or repeal any provision of this Certificate of Incorporation or the Corporation's Bylaws;

3.3.5. redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any Common Stock or Preferred Stock of the Corporation (other than a redemption of Preferred Stock pursuant to Subsection 2.3.2); provided, however, that this restriction shall not apply to the repurchase or reacquisition of shares of Common Stock or Preferred Stock (A) 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 right to repurchase or reacquire such shares at cost (or at the lesser of cost or the then fair market value) upon the occurrence of certain events, such as the termination of employment or other service, or (B) pursuant to the exercise by the Corporation (whether contractually or pursuant to its Bylaws) of any rights of first refusal with respect to such shares; or (C) pursuant to agreements under which the Corporation has the obligation to purchase or reacquire such shares which are either entered into prior to the Filing Date or approved pursuant to this Subsection 3.3.5 following the Filing Date (the "**Put Agreements**");

3.3.6. declare, pay or set aside a dividend on any Common Stock or Preferred Stock of the Corporation (other than dividends payable on the Common Stock solely in the form of additional shares of Common Stock);

3.3.7. incur indebtedness for borrowed money, or permit any subsidiary to incur indebtedness for borrowed money, if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed $5,000,000 (excluding indebtedness with a principal amount of up to $20,000,000 plus accrued interest, which has previously been approved by the Board of Directors of the Corporation and any obligations pursuant to existing letters of credit previously entered into by the Corporation), unless such incurrence is approved by the Board of Directors of the Corporation;

3.3.8. effect any interested party transaction, unless approved by the Board of Directors of the Corporation (including a disinterested majority of directors); or

3.3.9. increase or decrease the authorized number of directors of the Corporation.

3.4 Series C Preferred Stock Protective Provisions. At any time when at least 600,000 shares of Series C Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.4.1. amend, repeal, alter or waive any provisions of this Certificate of Incorporation or the Corporation's Bylaws in a manner that adversely affects the rights of the Series C Preferred Stock; or

3.4.2. increase or decrease (other than by redemption or conversion) the authorized number of shares of Series C Preferred Stock.

Notwithstanding the foregoing, in no event shall the consent of the holders of the Series C Preferred Stock be required for any amendment of the Certificate of Incorporation to create a senior or pari passu security, or any security convertible into or exercisable for any such security, in connection with a bona fide financing of the Corporation, so long as the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock are affected in a proportionate manner as the Series C Preferred Stock and on a pari passu basis.

3.5 Series D Preferred Stock Protective Provisions. At any time when at least 500,000 shares of Series D Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series D Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.5.1. amend, repeal, alter or waive any provisions of this Certificate of Incorporation or the Corporation's Bylaws in a manner that adversely affects the rights of the Series D Preferred Stock; or

3.5.2. increase or decrease (other than by redemption or conversion) the authorized number of shares of Series D Preferred Stock.

Notwithstanding the foregoing, in no event shall the consent of the holders of the Series D Preferred Stock be required for any amendment of the Certificate of Incorporation to create a senior or pari passu security, or any security convertible into or exercisable for any such security, in connection with a bona fide financing of the Corporation, so long as the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series E Preferred Stock and Series F Preferred Stock are affected in a proportionate manner as the Series D Preferred Stock and on a pari passu basis.

3.6 Series E Preferred Stock Protective Provisions. At any time when at least 900,000 shares of Series E Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series E Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.6.1. amend, repeal, alter or waive any provisions of this Certificate of Incorporation or the Corporation's Bylaws in a manner that adversely affects the rights of the Series E Preferred Stock; or

3.6.2. increase or decrease (other than by redemption or conversion) the authorized number of shares of Series E Preferred Stock.

Notwithstanding the foregoing, in no event shall the consent of the holders of the Series E Preferred Stock be required for any amendment of the Certificate of Incorporation to create a senior or pari passu security, or any security convertible into or exercisable for any such security, in connection with a bona fide financing of the Corporation, so long as the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series F Preferred Stock are affected in a proportionate manner as the Series E Preferred Stock and on a pari passu basis.

3.7 Series F Preferred Stock Protective Provisions. At any time when at least 700,000 shares of Series F Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series F Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.7.1. amend, repeal, alter or waive any provisions of this Certificate of Incorporation or the Corporation's Bylaws in a manner that adversely affects the rights of the Series F Preferred Stock;

3.7.2. increase or decrease (other than by redemption or conversion) the authorized number of shares of Series F Preferred Stock; or

3.7.3. consummate any Deemed Liquidation Event or close the Corporation's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act (an "**IPO**") prior to the three year anniversary of the Filing Date, unless the Minimum Return Threshold (as defined in the Voting Agreement) is achieved.

Notwithstanding the foregoing, in no event shall the consent of the holders of the Series F Preferred Stock be required for any amendment of the Certificate of Incorporation to create a senior or pari passu security, or any security convertible into or exercisable for any such security, in connection with a bona fide financing of the Corporation, so long as (i) the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock are affected in a proportionate manner as the Series F Preferred Stock and on a pari passu basis and (ii) none of the rights of the holders of Series F Preferred Stock contained in Sections 3.2, 3.7.2 and 3.7.3 are amended, repealed, altered or waived in connection therewith.

4. Optional Conversion.

The holders of the Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1. Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series A Original Issue Price, Series A-1 Original Issue Price, Series B Original Issue Price, Series C Original Issue Price, Series D Original Issue Price, Series E Original Issue Price or Series F Original Issue Price, as applicable, by the conversion price applicable to such share, determined as hereinafter provided, in effect on the date the certificate is surrendered for conversion. The initial conversion price per share for shares of (i) Series A Preferred Stock (the "**Series A Conversion Price**") shall be the Series A Original Issue Price, (ii) Series A-1 Preferred Stock (the "**Series A-1 Conversion Price**") shall be the Series A-1 Original Issue Price, (iii) Series B Preferred Stock (the "**Series B Conversion Price**") shall be the Series B Original Issue Price, (iv) Series C Preferred Stock (the "**Series C Conversion Price**") shall be the Series C Original Issue Price, (v) Series D Preferred Stock (the "**Series D Conversion Price**") shall be the Series D Original Issue Price, (vi) Series E Preferred Stock (the "**Series E Conversion Price**") shall be the Series E Original Issue Price and (vii) Series F Preferred Stock (the "**Series F Conversion Price**") shall be the Series F Original Issue Price; provided, however, that the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price and Series F Conversion Price shall be subject to adjustment as set forth in this Section 4, as applicable.

4.1.2. Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1. Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the

Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, (i) issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2. Reservation of Shares. The Corporation shall at all times when the Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price, as applicable.

4.3.3. Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared by unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

4.3.4. No Further Adjustment. Upon any such conversion, no adjustment to the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price shall be made for any declared but unpaid dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5. Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Price for Diluting Issues.

4.4.1. Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "**Filing Date**" shall mean the effective date of the filing of this Amended and Restated Certificate of Incorporation with the office of the Secretary of State of the State of Delaware.

(b) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Filing Date, other than shares of Common Stock issued or deemed to be issued (collectively, "**Exempted Securities**"):

(i) upon conversion of shares of Preferred Stock;

(ii) to employees, directors and officers of, or consultants or advisors to, the Corporation pursuant to stock grants, stock option, stock bonus, stock purchase or other employee incentive programs, plans or agreements approved by the Board of Directors of the Corporation;

(iii) as a stock split or stock dividend or distribution;

(iv) upon the conversion or exercise of Options or other Convertible Securities outstanding on the Filing Date;

(v) as consideration in connection with bona fide acquisitions of other businesses or technologies by the Corporation by merger, consolidation, acquisition of stock or assets or otherwise, provided such acquisitions are approved by the Board of Directors of the Corporation;

(vi) to leasing companies, landlords, company advisors, lenders and other providers of goods and services to the Corporation, provided that such transactions are entered into for primarily non-equity financing purposes and are approved by the Board of Directors of the Corporation;

(vii) in connection with research, collaboration, manufacturing, supply, licensing, development, OEM, distribution, marketing or other similar strategic transactions or joint ventures, provided that such transactions are entered into for primarily non-equity financing purposes and are approved by the Board of Directors of the Corporation;

(viii) in connection with an underwritten public offering registered under the Securities Act pursuant to which all outstanding shares of Preferred Stock are automatically converted into Common Stock pursuant to Section 5;

(ix) in connection with an event for which adjustment of the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price is made pursuant to Subsections 4.5, 4.6, 4.7, 4.8 and 4.9;

(x) pursuant to that certain Stock Purchase Agreement dated May 7, 2018, by and among the Corporation and its stockholders party thereto; or

(xi) in connection with any other transaction in which an exemption or waiver of the provisions of this Subsection 4.4 as applied to a particular series of Preferred Stock is approved by the affirmative vote of the holders of at least a majority of the then-outstanding shares of such series of Preferred Stock.

4.4.2. No Adjustment of Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price. Any provision herein to the contrary notwithstanding, no adjustment in the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock unless the consideration per share (determined pursuant to Subsection 4.4.5) for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price, as applicable, in effect immediately prior to such issue.

4.4.3. Deemed Issue of Additional Shares of Common Stock. If the Corporation at any time or from time to time after the Filing Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(a) no further adjustments in the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price shall be made upon the subsequent issue of Convertible Securities upon the exercise of such Options or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(b) if such Options or Convertible Securities are amended to provide, or by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Corporation, or increase or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion and/or exchange thereof, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease as if such change had been in effect as of the original issue thereof (or upon the occurrence of the record date with respect thereto);

(c) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Corporation upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Corporation upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Corporation for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Corporation (determined pursuant to Subsection 4.4.5) upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(d) no readjustment pursuant to clause (b) or (c) above shall have the effect of increasing (i) the Series A Conversion Price to an amount which exceeds the lower of (A) the Series A Conversion Price on the original adjustment date, or (B) the Series A Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date, (ii) the Series A-1 Conversion Price to an amount which exceeds the lower of (A) the Series A-1 Conversion Price on the original adjustment date, or (B) the Series A-1 Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such

readjustment date, (iii) the Series B Conversion Price to an amount which exceeds the lower of (A) the Series B Conversion Price on the original adjustment date, or (B) the Series B Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date, (iv) the Series C Conversion Price to an amount which exceeds the lower of (A) the Series C Conversion Price on the original adjustment date, or (B) the Series C Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date, (v) the Series D Conversion Price to an amount which exceeds the lower of (A) the Series D Conversion Price on the original adjustment date, or (B) the Series D Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date, (vi) the Series E Conversion Price to an amount which exceeds the lower of (A) the Series E Conversion Price on the original adjustment date, or (B) the Series E Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date or (vii) the Series F Conversion Price to an amount which exceeds the lower of (A) the Series F Conversion Price on the original adjustment date, or (B) the Series F Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date; and

(e) in the case of any Options which expire by their terms not more than thirty (30) days after the date of issue thereof, no adjustment of the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the same manner provided in clause (c) above.

4.4.4. Adjustment of Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price and Series F Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation, at any time after the Filing Date, shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3) without consideration or for consideration per share less than the Series A Conversion Price in effect immediately prior to such issue, then and in such event, the Series A Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest hundredth of a cent) determined by multiplying the Series A 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 issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at the Series A Conversion Price in effect immediately prior to such issue, and the denominator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. In the event the Corporation, at any time after the Filing Date, shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3) without consideration or for consideration per share less than the Series A-1 Conversion Price in effect immediately prior to such issue, then and in such event, the Series A-1 Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest hundredth of a cent) determined by multiplying the Series A-1 Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of shares of Common Stock which the

aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at the Series A-1 Conversion Price in effect immediately prior to such issue, and the denominator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. In the event the Corporation, at any time after the Filing Date, shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3) without consideration or for consideration per share less than the Series B Conversion Price in effect immediately prior to such issue, then and in such event, the Series B Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest hundredth of a cent) determined by multiplying the Series B Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at the Series B Conversion Price in effect immediately prior to such issue, and the denominator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. In the event the Corporation, at any time after the Filing Date, shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3) without consideration or for consideration per share less than the Series C Conversion Price in effect immediately prior to such issue, then and in such event, the Series C Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest hundredth of a cent) determined by multiplying the Series C Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at the Series C Conversion Price in effect immediately prior to such issue, and the denominator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. In the event the Corporation, at any time after the Filing Date, shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3) without consideration or for consideration per share less than the Series D Conversion Price in effect immediately prior to such issue, then and in such event, the Series D Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest hundredth of a cent) determined by multiplying the Series D Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at the Series D Conversion Price in effect immediately prior to such issue, and the denominator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. In the event the Corporation, at any time after the Filing Date, shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3) without consideration or for consideration per share less than the Series E Conversion Price in effect immediately prior to such issue, then and in such event, the Series E Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest hundredth of a cent) determined by multiplying the Series E Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation

for the total number of Additional Shares of Common Stock so issued would purchase at the Series E Conversion Price in effect immediately prior to such issue, and the denominator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. In the event the Corporation, at any time after the Filing Date, shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3) without consideration or for consideration per share less than the Series F Conversion Price in effect immediately prior to such issue, then and in such event, the Series F Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest hundredth of a cent) determined by multiplying the Series F Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at the Series F Conversion Price in effect immediately prior to such issue, and the denominator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. For the purpose of the above calculation, "**Common Stock Outstanding**" shall mean the number of shares of Common Stock outstanding immediately prior to such issue, calculated on a fully diluted basis as if all Convertible Securities had been fully converted into shares of Common Stock immediately prior to such issue and any outstanding Options (whether or not then vested or exercisable) had been fully exercised immediately prior to such issue (and the resulting securities fully converted into shares of Common Stock, if so convertible) as of such date, but not including in such calculation any additional shares of Common Stock issuable with respect to Convertible Securities or Options solely as a result of the adjustment of the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price (or other conversion ratios) resulting from the issuance of Additional Shares of Common Stock causing such adjustment. In the event that the Corporation shall issue, after the Filing Date, on more than one date, Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3) that would result in an adjustment to the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price pursuant to the terms of this Subsection 4.4.4, as part of the same transaction or a series of related transactions, then, upon the final such issuance, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price shall be readjusted to give effect to all such issuances as if they had all occurred on the date of the first such issuance (and without giving any effect to any interim adjustments from such issuances that were part of the same transaction or series of related transactions).

4.4.5. Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue (or deemed issue) of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest or accrued dividends and before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with such issuance;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein to protect against dilution) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein to protect against dilution) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Filing Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Filing Date combine the outstanding shares of Common Stock, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Filing Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

In the event that the Corporation shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common Stock for no consideration, then the Corporation shall be deemed to have made a dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series F Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Filing Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Preferred Stock. For the avoidance of doubt, nothing in this Subsection 4.8 shall be construed as preventing the holders of Preferred Stock from seeking any appraisal rights to which they are otherwise entitled under the General Corporation Law in connection with a merger triggering an adjustment hereunder, nor shall this Subsection 4.8 be deemed conclusive evidence of the fair value of the shares of Preferred Stock in any such appraisal proceeding.

4.9 Adjustment for IPO Below Target Price. If the Corporation elects to sell shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "**Securities Act**") at a price less than $21.9704 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) (the "**Series B Target Price**"), then and in such event the Series B Conversion Price in effect immediately prior to such public offering shall be adjusted to be equal to the product of (a) the Series B Original Issue Price (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) and (b) a fraction, the numerator of which is the per share price at which the Common Stock is sold in such public offering, and the denominator of which is the Series B Target Price. If the Corporation elects to sell shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act at a price less than $33.8216 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) (the "**Series C/D Target Price**"), then and in such event the Series C Conversion Price and the Series D Conversion Price in effect immediately prior to such public offering shall be adjusted to be equal to the product of (a) the Series C Original Issue Price or the Series D Original Issue Price, as applicable (in each case subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock), and (b) a fraction, the numerator of which is the per share price at which the Common Stock is sold in such public offering, and the denominator of which is the Series C/D Target Price. If the Corporation elects to sell shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act at a price less than $24.5060 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) (the "**Series E/F Target Price**"), then and in such event the Series E Conversion Price or the Series F Conversion Price, as applicable, in effect immediately prior to such public offering shall be adjusted to be equal to the product of (a) the Series E Original Issue Price or the Series F Conversion Price, as applicable (in each case subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) and (b) a fraction, the numerator of which is the per share price at which the Common Stock is sold in such public offering, and the denominator of which is the Series E/F Target Price. Notwithstanding the foregoing, no adjustment of the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or the Series F Conversion Price pursuant to this Section 4.9 shall have the effect of increasing the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price , Series E Conversion Price or Series F Conversion Price, as applicable, in effect immediately prior to such adjustment.

4.10 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price 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 Preferred Stock that was subject to such adjustment

or readjustment a certificate executed by the Corporation's Chief Executive Officer, President or Chief Financial Officer setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock or Series F Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, Series E Conversion Price or the Series F Conversion Price, as applicable, at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of such Preferred Stock.

4.11 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security;

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least 10 days prior to the record date or effective date for the event specified in such notice.

The notice provisions set forth in this Subsection 4.11 may be shortened or waived prospectively or retrospectively by the consent or vote of the holders of a majority of the outstanding shares of Preferred Stock, voting as a separate class and on an as-converted basis.

5. Mandatory Conversion.

5.1 Trigger Events.

5.1.1. Series A Preferred Stock and Series A-1 Preferred Stock. Upon either (a) the closing of the sale of shares of Common Stock to the public at a price of at least $18.1755 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act, other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or to any successor thereto) or to any employee benefit plan of the Corporation, resulting in at least $50,000,000 of gross proceeds, before deduction of the underwriting discount and commissions, to the Corporation or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock (voting together as a single class, on an as-converted basis) (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series A and A-1 Conversion Time**"), (i) all outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate and (ii) such shares may not be reissued by the Corporation.

5.1.2. Series B Preferred Stock. Upon either (a) the closing of the sale of shares of Common Stock to the public on the New York Stock Exchange or NASDAQ Stock Market in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act, other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or to any successor thereto) or to any employee benefit plan of the Corporation, resulting in at least $50,000,000 of gross proceeds, before deduction of the underwriting discount and commissions, to the Corporation or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least two-thirds of the then outstanding shares of Series B Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series B Conversion Time**"), (i) all outstanding shares of Series B Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate after giving effect to any adjustment made pursuant to Section 4.9, if applicable, and (ii) such shares may not be reissued by the Corporation.

5.1.3. Series C Preferred Stock. Upon either (a) the closing of the sale of shares of Common Stock to the public on the New York Stock Exchange or NASDAQ Stock Market in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act, other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or to any successor thereto) or to any employee benefit plan of the Corporation, resulting in at least $70,000,000 of gross proceeds to the Corporation, before deduction of the underwriting discount and commissions, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series C Conversion Time**"), (i) all outstanding shares of Series C Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate after giving effect to any adjustment made pursuant to Section 4.9, if applicable, and (ii) such shares may not be reissued by the Corporation.

5.1.4. Series D Preferred Stock. Upon either (a) the closing of the sale of shares of Common Stock to the public on the New York Stock Exchange or NASDAQ Stock Market in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act, other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or to any successor thereto) or to any employee benefit plan of the Corporation, resulting in at least $100,000,000 of gross proceeds to the Corporation, before deduction of the underwriting discount and commissions, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Series D Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series D Conversion Time**"), (i) all outstanding shares of Series D Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate after giving effect to any adjustment made pursuant to Section 4.9, if applicable, and (ii) such shares may not be reissued by the Corporation.

5.1.5. Series E Preferred Stock. Upon either (a) the closing of the sale of shares of Common Stock to the public on the New York Stock Exchange or NASDAQ Stock Market in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act, other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or to any successor thereto) or to any employee benefit plan of the Corporation, resulting in at least $100,000,000 of gross proceeds to the Corporation, before deduction of the underwriting discount and commissions, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Series E Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series E Conversion Time**") (i) all outstanding shares of Series E Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate after giving effect to any adjustment made pursuant to Section 4.9, if applicable, and (ii) such shares may not be reissued by the Corporation.

5.1.6. Series F Preferred Stock. Upon either (a) the closing of the sale of shares of Common Stock to the public on the New York Stock Exchange or NASDAQ Stock Market in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act, other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or to any successor thereto) or to any employee benefit plan of the Corporation, resulting in at least $100,000,000 of gross proceeds to the Corporation, before deduction of the underwriting discount and commissions, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Series F Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series F Conversion Time**", together with the Series A and A-1 Conversion Time, the Series B Conversion Time, the Series C Conversion Time, the Series D Conversion Time and the Series E Conversion Time, the "**Mandatory Conversion Time**"), (i) all outstanding shares of Series F Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate after giving effect to any adjustment made pursuant to Section 4.9, if applicable, and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements.

5.2.1. General Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this

Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

6. Redeemed or Otherwise Acquired Shares. The shares of Preferred Stock shall not be redeemable at the option of the holders thereof, except pursuant to Subsection 2.3.2 or any Put Agreements. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption.

7. Status of Converted Stock. In the event any shares of Preferred Stock shall be converted pursuant to Section 4, the shares so converted shall be cancelled and shall not be issuable by the Corporation. This Amended and Restated Certificate of Incorporation shall be appropriately amended to effect the corresponding reduction in the Corporation’s authorized capital stock.

8. Waiver. Except as otherwise set forth in Section 1, Section 3.4, Section 3.5, Section 3.6, Section 3.7 and Section 4.4.1(d)(xi) of this Article Fourth, any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Preferred Stock then outstanding, voting together as a separate class and on an as-converted basis.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be (i) deposited in the United States first class mail, postage prepaid, to the post office address last shown on the records of the Corporation, (i) given by electronic communication in compliance with the provisions of the General Corporation Law, or (iii) given in another manner then permitted by the General Corporation Law, and shall be deemed sent upon such mailing, electronic transmission, or other manner of delivery.

FIFTH: Subject to any additional vote required by this Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

SEVENTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

EIGHTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Eighth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Eighth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

NINTH: To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Ninth shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification.

TENTH: In connection with repurchases by the Corporation of its Common Stock from employees, officers, directors, advisors, 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 at cost upon the occurrence of certain events, such as the termination of employment, for purposes of Section 500 of the California Corporations Code, such repurchases may be made without regard to any preferential dividends arrears amount or preferential rights amount.

ELEVENTH: The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction, business opportunities or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, any director or stockholder of the Corporation who is not an employee of the Corporation or any of its subsidiaries (including, with respect to any of the foregoing that are entities, any affiliates and their respective directors, officers, partners, members and associated entities), (collectively, "**Covered Persons**"), whether or not such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of a Covered Person in such Covered Person's capacity as a director of the Corporation or otherwise. A Covered Person who acquires knowledge of an Excluded Opportunity shall not (a) have any duty to communicate or offer such Excluded Opportunity to the Corporation or (b) be liable to the Corporation, its subsidiaries or to the stockholders of the Corporation because such Covered Person pursues or acquires for, or directs such Excluded Opportunity to itself or another person or entity or does not communicate such Excluded Opportunity to the Corporation.

* * *

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 11th day of June, 2018.

By: /s/ Nikolaos A. Vlahos
Nikolaos A. Vlahos, Chief Executive Officer

THE HONEST COMPANY, INC.

(A DELAWARE CORPORATION)

BYLAWS

ARTICLE I
OFFICES

Section 1.1 Registered Office. The registered office of the Corporation shall be fixed in the Certificate of Incorporation of the Corporation.

Section 1.2 Other Offices. The Corporation may also have offices in such other places within or without the State of Delaware as the Board of Directors may, from time to time, determine or as the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1 Annual Meetings. Meetings of stockholders may be held at such place, either within or without the State of Delaware, and at such time and date as the Board of Directors shall determine. 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 described in Section 2.3 of these Bylaws in accordance with Section 211(a)(2) of the General Corporation Law of the State of Delaware. Stockholders may act by written consent to elect directors; provided, however, that if such consent is less than unanimous, such action by written consent may be in lieu of holding an annual meeting only if all of the directorships to which directors could have been elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

Section 2.2 Special Meetings. Special meetings of stockholders, unless otherwise prescribed by statute, may be called by the Chairman of the Board of Directors, the President or by resolution of the Board of Directors and shall be called by the President or Secretary upon the written request of holders of not less than 10% in voting power of the outstanding stock entitled to vote at the meeting. Notice of each special meeting shall be given in accordance with Section 2.4 of these Bylaws. Unless otherwise permitted by law, business transacted at any special meeting of stockholders shall be limited to the purpose stated in the notice.

Section 2.3 Meetings by Remote Communications. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders 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 proxyholder;

(ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders 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 proxyholder 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.

Section 2.4 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice or electronic transmission, in the manner provided in Section 232 of the General Corporation Law of the State of Delaware, of notice of the meeting, which shall state the place, if any, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining the stockholders entitled to notice of the meeting and, in the case of a special meeting, the purposes for which the meeting is called, shall be mailed to or transmitted electronically to each stockholder of record entitled to vote thereat.

Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, such notice shall be given not less than 10 days nor more than 60 days before the date of any such meeting as of the record date for determining the stockholders entitled to notice of the meeting. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 2.5 Quorum. Unless otherwise required by law or the Certificate of Incorporation, the holders of a majority in voting power of the issued and outstanding stock entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of stockholders. When a quorum is once present to organize a meeting, the quorum is not broken by the subsequent withdrawal of any stockholders. In the absence of a quorum, the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 2.10 of these Bylaws until a quorum shall attend. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 2.6 Voting. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder. All elections of directors shall be determined by a plurality of the votes cast, and except as otherwise required by law, the Certificate of Incorporation or these Bylaws, all other matters shall be determined by a majority of the votes cast. Unless determined by the Chairman of the meeting to be advisable, the vote on any matter, including the election of directors, need not be by written ballot.

Section 2.7 Proxy Representation. Any stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the stockholder or by his attorney-in-fact. No proxy shall be

voted or acted upon after three years from its date, unless such proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date.

Section 2.8 Organization.

(a) The Chairman of the Board of Directors, if one is elected, or, in his or her absence or disability, the President of the Corporation, shall preside at all meetings of the stockholders.

(b) The Secretary of the Corporation shall act as Secretary at all meetings of the stockholders. In the absence or disability of the Secretary, the Chairman of the Board of Directors or the President shall appoint a person to act as Secretary at such meetings.

Section 2.9 Conduct of Meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.10 Adjournment. At any meeting of stockholders of the Corporation, whether or not a quorum is present, a majority in voting power of the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time without notice. Any business may be transacted at the adjourned meeting that might have been transacted at the meeting originally noticed. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date for notice of such adjourned meeting.

Section 2.11 Consent of Stockholders in Lieu of Meeting.

(a) Unless otherwise restricted by the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested.

(b) Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the date the earliest dated consent is delivered to the Corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section 2.11. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of these Bylaws to the extent permitted by law. Any such consent shall be delivered in accordance with Section 228(d)(1) of the General Corporation Law of the State of Delaware. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing or electronic transmission and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation as provided by law.

(c) Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 2.12 List of Stockholders Entitled to Vote. The officer who has charge of the stock ledger shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, provided, however, that if the record date for determining the stockholders entitled to vote is less than 10 days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date. Such list shall be arranged in alphabetical order and shall show 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 at least 10 days prior 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 meeting or (b) during ordinary business hours at the principal place of business of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.12 or to vote in person or by proxy at any meeting of stockholders.

ARTICLE III
BOARD OF DIRECTORS

Section 3.1 Powers. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. The Board of Directors shall exercise all of the powers and duties conferred by law except as provided by the Certificate of Incorporation or these Bylaws.

Section 3.2 Number and Term. The number of directors of the Corporation shall be five (5). The Board of Directors shall be elected by the stockholders at their annual meeting, and each director shall be elected to serve for the term of one year or until his or her successor is elected and qualified or until his or her earlier death, resignation, disqualification or removal. Directors need not be stockholders.

Section 3.3 Resignations. Any director may resign at any time upon notice given in writing or by electronic transmission to the Board of Directors, the Chairman of the Board of Directors, the President or the Secretary. The resignation shall take effect at the time specified therein, and if no time is specified, at the time of its receipt by the Board of Directors, the Chairman of the Board of Directors, the President or Secretary, as the case may be. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.4 Removal. Any director or the entire Board of Directors may be removed either with or without cause at any time by the affirmative vote of the holders of a majority in voting power of the outstanding shares then entitled to vote for the election of directors at any annual or special meeting of the stockholders called for that purpose or by written consent as permitted by law.

Section 3.5 Newly Created Directorships and Vacancies. Unless otherwise provided by law or in the Certificate of Incorporation, any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he or she has replaced or until his or her successor is elected and qualified.

Section 3.6 Meetings.

(a) The initial directors shall hold their first meeting to organize the Corporation, elect officers and transact any other business that may properly come before the meeting. An annual meeting of the Board of Directors shall be held immediately after each annual meeting of the stockholders, or at such time and place as may be noticed for the meeting.

(b) Regular meetings of the Board of Directors may be held at such places and times as shall be determined from time to time by written or electronic transmission of consent of a resolution of the directors.

(c) Special meetings of the Board of Directors shall be called by the President or by the Secretary on the written or electronic transmission of such request of any director and shall be held at such place as may be determined by the directors or as shall be stated in the notice of the meeting.

Section 3.7 Notice of Meetings. Except as provided by law, notice of regular meetings need not be given. Notice of the time and place of any special meeting shall be given to each director by the Secretary. Notice of each such meeting shall be given to each director, if by mail, addressed to such director as his or her residence or usual place of business, at least five days before the day on which such meeting is to be held, or shall be sent to such director at such place by telecopy, telegraph, electronic transmission or other form of recorded communication, or be delivered personally or by telephone, in each case at least 24 hours prior to the time set for such meeting. The notice of any meeting need not specify the purpose thereof.

Section 3.8 Quorum, Voting and Adjournment. A majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present thereat may adjourn such meeting to another time and place. Notice of such adjourned meeting need not be given if the time and place of such adjourned meeting are announced at the meeting so adjourned.

Section 3.9 Committees. The Board of Directors may, by resolution, designate one or more committees, each such committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee to 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 present at any meeting and not disqualified from voting, whether or not he, she 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 establishing such committee, 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 the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the General Corporation Law of the State of Delaware to be submitted to stockholders for approval or (b) adopting, amending or repealing any Bylaw of the Corporation. All committees of the Board of Directors shall keep minutes of their meetings and shall report their proceedings to the Board of Directors when requested or required by the Board of Directors.

Section 3.10 Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or any committee thereof, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed in the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form or shall be in electronic form if the minutes are maintained in electronic form.

Section 3.11 Compensation. The Board of Directors shall have the authority to fix the compensation of directors for their services. In addition, as determined by the Board of Directors, directors may be reimbursed by the Corporation for their expenses, if any, in the performance of their duties as directors. A director may also serve the Corporation in other capacities and receive compensation therefor.

Section 3.12 Remote Meeting. Unless otherwise restricted by the Certificate of Incorporation, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting by means of conference telephone or other communications equipment in which all persons participating in the meeting can hear each other. Participation in a meeting by means of conference telephone or other communications equipment shall constitute the presence in person at such meeting.

ARTICLE IV
OFFICERS

Section 4.1 Number. The officers of the Corporation shall include a President and a Secretary, both of whom shall be elected by the Board of Directors and who shall hold office for a term of one year and until their successors are elected and qualified or until their earlier resignation or removal. In addition, the Board of Directors may elect a Chairman of the Board of Directors, one or more Vice Presidents, including an Executive Vice President, a Treasurer and one or more Assistant Treasurers and one or more Assistant Secretaries, who shall hold their office for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. The initial officers shall be elected at the first meeting of the Board of Directors and, thereafter, at the annual organizational meeting of the Board of Directors. Any number of offices may be held by the same person.

Section 4.2 Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it deems advisable, who shall hold their office for such terms and shall exercise and perform such powers and duties as shall be determined from time to time by the Board of Directors.

Section 4.3 Chairman. The Chairman of the Board of Directors shall be a member of the Board of Directors and shall preside at all meetings of the Board of Directors and of the stockholders. In addition, the Chairman of the Board of Directors shall have such powers and perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 4.4 President. The President shall be the Chief Executive Officer of the Corporation. He or she shall exercise such duties as customarily pertain to the office of President and Chief Executive Officer, and shall have general and active management of the property, business and affairs of the Corporation, subject to the supervision and control of the Board of Directors. He or she shall perform such other duties as prescribed from time to time by the Board of Directors or these Bylaws. In the absence, disability or refusal of the Chairman of the Board of Directors to act, or the vacancy of such office, the President shall preside at all meetings of the stockholders and of the Board of Directors. Except as the Board of Directors shall otherwise authorize, the President shall execute bonds, mortgages and other contracts on behalf of the Corporation, and shall cause the seal to be affixed to any instrument requiring it and, when so affixed, the seal shall be attested by the signature of the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer.

Section 4.5 Vice Presidents. Each Vice President, if any are elected, of whom one or more may be designated an Executive Vice President, shall have such powers and shall perform such duties as shall be assigned to him or her by the President or the Board of Directors.

Section 4.6 Treasurer. The Treasurer shall have the general care and custody of the funds and securities of the Corporation, and shall deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors. He or she shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever. He or she shall exercise general supervision over expenditures and disbursements made by officers, agents and employees of the Corporation and the preparation of such records and reports in connection therewith as may be necessary or desirable. He or she shall, in general, perform all other duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 4.7 Secretary. The Secretary shall be the Chief Administrative Officer of the Corporation and shall: (a) cause minutes of all meetings of the stockholders and directors to be recorded and kept; (b) cause all notices required by these Bylaws or otherwise to be given properly; (c) see that the minute books, stock books, and other nonfinancial books, records and papers of the Corporation are kept properly; and (d) cause all reports, statements, returns, certificates and other documents to be prepared and filed when and as required. The Secretary shall have such further powers and perform such other duties as prescribed from time to time by the Board of Directors.

Section 4.8 Assistant Treasurers and Assistant Secretaries. Each Assistant Treasurer and each Assistant Secretary, if any are elected, shall be vested with all the powers and shall perform all the duties of the Treasurer and Secretary, respectively, in the absence or disability of such officer, unless or until the Board of Directors shall otherwise determine. In addition, Assistant Treasurers and Assistant Secretaries shall have such powers and shall perform such duties as shall be assigned to them by the Board of Directors.

Section 4.9 Corporate Funds and Checks. The funds of the Corporation shall be kept in such depositories as shall from time to time be prescribed by the Board of Directors. All checks or other orders for the payment of money shall be signed by the President or the Treasurer or such other person or agent as may from time to time be authorized and with such countersignature, if any, as may be required by the Board of Directors.

Section 4.10 Contracts and Other Documents. The President or the Treasurer, or such other officer or officers as may from time to time be authorized by the Board of Directors or any other committee given specific authority by the Board of Directors during the intervals between the meetings of the Board of Directors, shall have power to sign and execute on behalf of the Corporation deeds, conveyances and contracts, and any and all other documents requiring execution by the Corporation.

Section 4.11 Compensation. The compensation of the officers of the Corporation shall be fixed from time to time by the Board of Directors (subject to any employment agreements that may then be in effect between the Corporation and the relevant officer). None of such officers shall be prevented from receiving such compensation by reason of the fact that he or she is also a director of the Corporation. Nothing contained herein shall preclude any officer from serving the Corporation, or any subsidiary, in any other capacity and receiving such compensation by reason of the fact that he or she is also a director of the Corporation.

Section 4.12 Ownership of Stock of Another Corporation. Unless otherwise directed by the Board of Directors, the President or the Treasurer, or such other officer or agent as shall be authorized by the Board of Directors, shall have the power and authority, on behalf of the Corporation, to attend and to vote at any meeting of stockholders of any corporation in which the Corporation holds stock and may exercise, on behalf of the Corporation, any and all of the rights and powers incident to the ownership of such stock at any such meeting, including the authority to execute and deliver proxies and consents on behalf of the Corporation.

Section 4.13 Delegation of Duties. In the absence, disability or refusal of any officer to exercise and perform his or her duties, the Board of Directors may delegate to another officer such powers or duties.

Section 4.14 Resignation and Removal. Any officer may resign at any time in the same manner prescribed under Section 3.3 of these Bylaws. Any officer of the Corporation may be removed from office for or without cause at any time by the Board of Directors.

Section 4.15 Vacancies. The Board of Directors shall have power to fill vacancies occurring in any office.

ARTICLE V
STOCK

Section 5.1 Certificates of Stock. The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation certifying the number of shares owned by such holder in the Corporation. Any or all of the signatures on the certificate may be a facsimile. The Board of Directors shall have the power to appoint one or more transfer agents and/or registrars for the transfer or registration of certificates of stock of any class, and may require stock certificates to be countersigned or registered by one or more of such transfer agents and/or registrars.

Section 5.2 Transfer of Shares. Shares of stock of the Corporation shall be transferable upon its books by the holders thereof, in person or by their duly authorized attorneys or legal representatives, upon surrender and delivery to the Corporation of the certificate representing such shares and a duly executed instrument authorizing transfer of such shares, if certificated, or delivery of a duly executed instrument authorizing transfer of such shares, if uncertificated, to the person in charge of the stock and transfer books and ledgers. If certificated, such certificates shall be cancelled and new certificates shall thereupon be issued. A record shall be made of each transfer. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented, both the transferor and transferee request the Corporation to do so. The Board of Directors shall have power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of certificates for shares of stock of the Corporation.

Section 5.3 Lost, Stolen, Destroyed or Mutilated Certificates. A new certificate of stock may be issued in the place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed, and the Board of Directors may, in its discretion, require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to give the Corporation a bond, in such sum as the Board of Directors may direct, in order to indemnify the Corporation against any claims that may be made against it in connection therewith. A new certificate of stock may be issued in the place of any certificate previously issued by the Corporation that has become mutilated without the posting by the owner of any bond upon the surrender by such owner of such mutilated certificate.

Section 5.4 List of Stockholders Entitled To Vote. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list required by General Corporation Law of the State of Delaware § 219 or to vote in person or by proxy at any meeting of stockholders.

Section 5.5 Dividends. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may at any regular or special meeting, declare dividends upon the stock of the Corporation either (a) out of its surplus, as defined in and computed in accordance with General Corporation Law of the State of Delaware § 154 and § 244 or (b) in case there shall be no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Before the declaration of any dividend, the Board of Directors may set apart, out of any funds of the

Corporation available for dividends, such sum or sums as from time to time in its discretion may be deemed proper for working capital or as a reserve fund to meet contingencies or for such other purposes as shall be deemed conducive to the interests of the Corporation.

Section 5.6 Fixing Date for Determination of Stockholders of Record.

(a) In order that the Corporation may determine the stockholders entitled to notice of 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, unless otherwise required by law, not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and 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, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to express consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date for determining stockholders entitled to express consent to corporate action in writing without a meeting is fixed by the Board of Directors, (i) when no prior action of the Board of Directors is required by law, the record date for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board of Directors is required by law, the record date for such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which shall not be more than 60 days prior to such other action. If no such 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 5.7 Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the Corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner. Except as otherwise required by law, the Corporation 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.

ARTICLE VI
INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 6.1 Right to Indemnification. Each person who was or is a party or is threatened to be made a party to, or was or is otherwise involved in, any action, suit, arbitration, alternative dispute mechanism, inquiry, judicial, administrative or legislative hearing, investigation or any other threatened, pending or completed proceeding, whether brought by or in the right of the Corporation or otherwise, including any and all appeals, whether of a civil, criminal, administrative, legislative, investigative or other nature (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or while a director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), or by reason of anything done or not done by him or her in any such capacity, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement by or on behalf of the indemnitee) actually and reasonably incurred by such indemnitee in connection therewith; provided, however, that, except as otherwise required by law or provided in Section 6.3 with respect to proceedings to enforce rights under this Article VI, the Corporation shall indemnify any such indemnitee in connection with a proceeding, or part thereof, initiated by such indemnitee (including claims and counterclaims, whether such counterclaims are asserted by (i) such indemnitee, or (ii) the Corporation in a proceeding initiated by such indemnitee) only if such proceeding, or part thereof, was authorized or ratified by the Board of Directors.

Section 6.2 Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 6.1, an indemnitee shall, to the fullest extent not prohibited by law, also have the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any proceeding with respect to which indemnification is required under Section 6.1 in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that an advancement of expenses 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 of a court of competent jurisdiction 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 6.2 or otherwise.

Section 6.3 Right of Indemnitee to Bring Suit. If a request for indemnification under Section 6.1 is not paid in full by the Corporation within 60 days, or if a request for an advancement of expenses under Section 6.2 is not paid in full by the Corporation within 20 days, after a written request has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation in a court of competent jurisdiction in the State of Delaware seeking an adjudication of entitlement to such indemnification or advancement of expenses. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit to the fullest extent permitted by law. In any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the indemnitee has not met any applicable standard of conduct for indemnification set forth in the DGCL. Further, in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the indemnitee has not met any applicable standard of conduct for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent

legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI or otherwise shall be on the Corporation.

Section 6.4 Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any law, agreement, vote of stockholders or directors, provisions of the Certificate of Incorporation or these Bylaws or otherwise.

Section 6.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 6.6 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article VI with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 6.7 Nature of Rights. The rights conferred upon indemnitees in this Article VI shall be contract rights that shall vest at the time an individual becomes a director or officer of the Corporation and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee’s heirs, executors and administrators. Any amendment, alteration or repeal of this Article VI that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, alteration or repeal.

Section 6.8 Settlement of Claims. The Corporation shall not be liable to indemnify any indemnitee under this Article VI for any amounts paid in settlement of any proceeding effected without the Corporation’s written consent, which consent shall not be unreasonably withheld, or for any judicial award if the Corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such proceeding.

Section 6.9 Subrogation. In the event of payment under this Article VI, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

Section 6.10 Severability. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not by 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 Article VI (including, without limitation, all portions of any paragraph of this Article VI 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 of the parties that the Corporation provide protection to the indemnitee to the fullest enforceable extent.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Amendments. These Bylaws may be altered, amended or repealed, and new Bylaws made, by the Board of Directors, but the stockholders may make additional Bylaws and may alter and repeal any Bylaws whether adopted by them or otherwise.

Section 7.2 Electronic Transmission. For purposes of these Bylaws, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 7.3 Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 7.4 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January of each year and end on the last day of December of the same year, or such other 12 consecutive months as the Board of Directors may designate.

Section 7.5 Waiver of Notice. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 7.6 Section Headings. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 7.7 Inconsistent Provisions; Changes in Delaware Law. If any provision of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect. If any of the provisions of the General Corporation Law of the State of Delaware referred to above are modified or superseded, the references to those provisions is to be interpreted to refer to the provisions as so modified or superseded.

THE HONEST COMPANY, INC.

(a Delaware corporation)

AMENDMENT TO BYLAWS

Pursuant to an Action by Written Consent of the Stockholders in lieu of a Special Meeting, dated February 13, 2015, the Bylaws of The Honest Company, Inc. (the "Corporation") were amended as follows, effective as of such date:

Section 3.2 of the Bylaws is hereby amended and restated as follows:

Section 3.2 Number and Term. The number of directors of the Corporation shall be seven (7). The Board of Directors shall be elected by the stockholders at their annual meeting, and each director shall be elected to serve for the term of one year or until his or her successor is elected and qualified or until his or her earlier death, resignation, disqualification or removal. Directors need not be stockholders.

Certified by:

/s/ Craig Gatarz

Craig Gatarz, Secretary

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY THAT:

I am the duly elected and acting Secretary of The Honest Company, Inc., a Delaware corporation (the "***Company***"); and Pursuant to the Action by Unanimous Written Consent of the Board of Directors of the Company, dated as of March 13, 2017, the Board of Directors of the Company amended and restated the first sentence of Section 3.2 of the Company's Bylaws to read as follows:

"The number of directors of the Corporation shall be eight."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17th day of March, 2017.

/s/ Craig Gatarz
Craig Gatarz, Secretary

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY THAT:

I am the duly elected and acting Secretary of The Honest Company, Inc., a Delaware corporation (the "***Company***"); and Pursuant to the Action by Unanimous Written Consent of the Board of Directors of the Company, dated as of May 7, 2018 the Board of Directors of the Company amended and restated the first sentence of Section 3.2 of the Company's Bylaws to read as follows:

"The number of directors of the Corporation shall be seven."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 11th day of June, 2018.

/s/ Craig Gatarz
Craig Gatarz, Secretary

Exhibit 10.1

Execution Version

THE HONEST COMPANY, INC.

AMENDED AND RESTATED

INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**") is made and entered into as of June 11, 2018, by and among THE HONEST COMPANY, INC., a Delaware corporation (the "**Company**"), each of the persons and entities identified on Schedule A attached hereto (the "**Series A Investors**"), each of the persons and entities identified on Schedule B attached hereto (the "**Series A-1 Investors**"), each of the persons and entities identified on Schedule C attached hereto (the "**Series B Investors**"), each of the persons and entities identified on Schedule D attached hereto (the "**Series C Investors**"), each of the persons and entities identified on Schedule E attached hereto (the "**Series D Investors**"), each of the persons and entities identified on Schedule F attached hereto (the "**Series E Investors**" and together with the Series A Investors, Series A-1 Investors, the Series B Investors, the Series C Investors and the Series D Investors, the "**Prior Investors**") and each of the persons and entities identified on Schedule G attached hereto (the "**Series F Investors**" and together with the Prior Investors, the "**Investors**"). The Company and each of the Investors are a "**party**" and collectively are the "**parties**."

WHEREAS, the Prior Investors are party to an Amended and Restated Investors' Rights Agreement dated September 28, 2017 (the "**Prior Agreement**").

WHEREAS, the parties to such Prior Agreement desire to amend and restate the Prior Agreement and to accept the rights and covenants hereof in lieu of the rights and covenants under the Prior Agreement; and

WHEREAS, the parties desire to enter into this Agreement in order to grant registration, information rights and other rights to the Investors as set forth below.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants set forth in this Agreement, the parties hereto agree as follows:

1. Restrictions on Transferability of Securities; Registration Rights.

1.1 Certain Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "**AllianceBernstein Investors**" shall mean any Investors advised or subadvised by AllianceBernstein L.P. or one of its affiliates.

(b) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

(c) "**Commission**" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

(d) "**Common Stock**" shall mean the Company's common stock, par value $0.0001 per share.

(e) "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(f) "**Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships.

(g) "**Fidelity Investors**" shall mean any Investors advised or subadvised by Fidelity Management & Research Company or one of its affiliates.

(h) "**Free Writing Prospectus**" shall mean a free writing prospectus, as defined in Rule 405 under the Securities Act.

(i) "**Glade Brook Investors**" means Glade Brook Private Investors VII LLC and any other Investor advised or subadvised by Glade Brook Capital Partners LLC.

(j) "**Holder**" shall mean any person or entity who holds Registrable Securities and any holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Sections 1.2 and 1.12 hereof.

(k) "**Initial Public Offering**" shall mean the closing of the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act.

(l) "**Initiating Holders**" shall mean the Majority Initiating Holders or the LCP Initiating Holders, as applicable.

(m) "**LCP Initiating Holders**" shall mean any LCP Investor, so long as it and its affiliates collectively hold at least 1,200,000 Registrable Securities.

(n) "**LCP Investors**" means THC Shared Abacus, LP and any other Investor advised or subadvised by C8 Management, L.L.C.

(o) "**Major Holder**" shall mean (i) any Holder that holds at least 1,200,000 Shares or, in the case of Iconiq Capital 600,000 Shares, subject to subsequent adjustment for stock splits, stock dividends, reverse stock splits, recapitalizations and the like, (ii) any Wellington Investor, (iii) any Fidelity Investor, (iv) Dragoneer Global Fund L.P. and its affiliates, so long as it and its affiliates collectively hold at least 65,000 Shares, (v) Glade Brook Capital Partners LLC, so long as it and its affiliates collectively hold at least 400,000 Shares, (vi) any AllianceBernstein Investor (provided that for purposes of Section 3 of this Agreement, any AllianceBernstein Investor shall only be a Major Holder so long as the AllianceBernstein Investors collectively hold at least 200,000 Shares) and (vii) any LCP Investor, so long as it and its affiliates collectively hold at least 1,200,000 Shares.

(p) "**Majority Initiating Holders**" shall mean any Holder or Holders who in the aggregate hold not less than a majority of the outstanding Registrable Securities (including a majority of the outstanding Registrable Securities not then held by LCP Investors).

(q) "**Other Shares**" shall mean shares of Common Stock of the Company (other than Registrable Securities), including shares of Common Stock issued or issuable upon conversion of shares of any currently unissued series of preferred stock of the Company, with registration rights.

(r) "**Other Stockholders**" shall mean persons other than Holders who, by virtue of agreements with the Company, are entitled to include their securities in certain registrations hereunder.

(s) "**Preferred Stock**" shall mean the Series A Preferred Stock, the Series A-1 Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock and the Series F Preferred Stock.

(t) "**Registrable Securities**" shall mean (i) shares of Common Stock issued or issuable pursuant to the conversion of the Shares; (ii) with respect to any holder of Shares (or shares of Common Stock issued pursuant to the conversion of Shares), any shares of Common Stock acquired by such holder (or its assignor) on or around the same date as such holder (or its assignor) purchased Shares from the Company; and (iii) any shares of Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to or in exchange for or in replacement of the shares referenced in clauses (i) or (ii) above; provided, however, that Registrable Securities shall not include any shares of Common Stock which have been sold to the public either pursuant to a registration statement or Rule 144, which have been transferred in a transaction in which the transferor's registration rights under this Agreement are not assigned, or with respect to which the registration rights under this Agreement have terminated pursuant to Section 1.16 hereof.

(u) "**Register**," "**registered**" and "**registration**" shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement.

(v) "**Registration Expenses**" shall mean all expenses incurred in effecting any registration pursuant to this Agreement, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, blue sky fees and expenses, and expenses of any regular or special audits incident to or required by any such registration, and fees and disbursements of one special counsel for the Holders (not to exceed $25,000), but shall not include Selling Expenses and the compensation of regular employees of the Company, which shall be paid in any event by the Company.

(w) "**Restricted Securities**" shall mean any Registrable Securities required to bear the first legend set forth in Section 1.2(c) hereof.

(x) "**Rule 144**" shall mean Rule 144 as promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(y) "**Rule 145**" shall mean Rule 145 as promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(z) "**Securities Act**" shall mean the Securities Act of 1933, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(aa) "**Selling Expenses**" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of counsel included in Registration Expenses).

(bb) "**Series F Director**" means any director of the Company that the holders of record of the Series F Preferred Stock are entitled to elect pursuant to the Company's Certificate of Incorporation.

(cc) "**Series A Preferred Stock**" shall mean the Company's Series A Preferred Stock, par value $0.0001 per share.

(dd) "**Series A-1 Preferred Stock**" shall mean the Company's Series A-1 Preferred Stock, par value $0.0001 per share.

(ee) "**Series B Preferred Stock**" shall mean the Company's Series B Preferred Stock, par value $0.0001 per share.

(ff) "**Series C Preferred Stock**" shall mean the Company's Series C Preferred Stock, par value $0.0001 per share.

(gg) "**Series D Preferred Stock**" shall mean the Company's Series D Preferred Stock, par value $0.0001 per share.

(hh) "**Series E Preferred Stock**" shall mean the Company's Series E Preferred Stock, par value $0.0001 per share.

(ii) "**Series F Preferred Stock**" shall mean the Company's Series F Preferred Stock, par value $0.0001 per share.

(jj) "**Shares**" shall mean shares of the Preferred Stock.

(kk) "**S-3 Initiating Holders**" shall mean (i) any Holder or Holders who in the aggregate hold not less than a majority of the outstanding Registrable Securities (including a majority of the outstanding Registrable Securities not then held by LCP Investors) or (ii) any LCP Investor, so long as it and its affiliates collectively hold at least 1,200,000 Registrable Securities.

(ll) "**Wellington Investors**" shall mean each of Alpha Opportunities Fund, Alpha Opportunities Trust, SA Wellington Capital Appreciation Portfolio, Hartford Capital Appreciation HLS Fund, Hartford Global Capital Appreciation Fund, Hartford Growth Opportunities HLS Fund, SA Multi-Managed Mid Cap Growth Portfolio, Mid Cap Stock Fund, Mid Cap Stock Trust, The Hartford Capital Appreciation Fund, The Hartford Growth Opportunities Fund, John Hancock Variable Insurance Trust Small Cap Growth Trust, John Hancock Pension Plan, John Hancock Funds II Small Cap Stock Fund, The Hartford Small Company Fund, Hartford Small Company HLS Fund, MassMutual Select Small Cap Growth Equity Fund, Eversource Retirement Plan Master Trust, MML Small Cap Growth Equity Fund and their respective permitted successors and assigns.

1.2 Restrictions on Transfer.

(a) Each Holder agrees not to make any disposition of all or any portion of the Registrable Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section 1.2, provided and to the extent this Section 1.2 is then applicable, and:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) such 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, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration under the Securities Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144 except in unusual circumstances.

Notwithstanding the foregoing, the Company shall not require any transferee of shares pursuant to an effective registration statement or Rule 144 to be bound by the terms of this Agreement if the transferred shares do not remain Registrable Securities hereunder following such transfer.

(b) Notwithstanding the provisions of Section 1.2(a) hereof, no such registration statement or opinion of counsel shall be necessary for a transaction involving a transfer without consideration by a Holder that is (i) a partnership transferring to its partners or former partners in accordance with their partnership interests, (ii) a corporation transferring to its stockholders in accordance with their interests in the corporation, (iii) a limited liability company transferring to its members or former members in accordance with their limited liability company interests, or (iv) an individual transferring to a Family Member of a Holder or a trust for the benefit of such Holder or Family Member, provided that in each case the transferee agrees to be subject to the terms of this Agreement to the same extent as if such transferee were an original Holder hereunder.

(c) Each certificate representing Registrable Securities shall (unless otherwise permitted by the provisions of this Agreement) be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE, AND MAY BE OFFERED AND SOLD ONLY IF REGISTERED AND QUALIFIED PURSUANT TO THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS OR IF THE COMPANY IS PROVIDED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION AND QUALIFICATION UNDER FEDERAL AND STATE SECURITIES LAWS IS NOT REQUIRED.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD FOLLOWING THE EFFECTIVE DATE OF A REGISTRATION STATEMENT OF THE COMPANY FILED UNDER THE ACT, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

(d) The Company shall be obligated to reissue certificates without the first legend referred to in Section 1.2(c) hereof at the request of any Holder thereof if (i) the Holder shall have (A) obtained an opinion of counsel at such Holder's expense reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification or legend, and (B) delivered such securities to the Company or its transfer agent, or (ii) such securities are registered under the Securities Act. Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities shall be removed upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal

1.3 Requested Registration.

(a) If the Company (i) shall receive from the Majority Initiating Holders, at any time or times after the earlier of (x) three (3) years after the date hereof or (y) six (6) months after the effective date of the registration statement for the Initial Public Offering, or (ii) shall receive from the LCP Initiating Holders at any time or times after six (6) months after the effective date of the registration statement for the Initial Public Offering, a written request that the Company effect any registration with respect to all or a part of the Registrable Securities, the aggregate offering price to the public of which exceeds $10,000,000, the Company shall:

(i) within ten (10) days of receipt thereof, give written notice of the proposed registration to all other Holders; and

(ii) as soon as practicable, and in any event within ninety (90) days of receipt of such request, file a registration statement covering such Registrable Securities of the Initiating Holders as are specified in such request, together with the Registrable Securities of other Holders joining in such request as are specified in a written request received by the Company within ten (10) days after such written notice from the Company is given, and use commercially reasonable efforts to effect such registration.

(b) The Company shall not be obligated to effect, or to take any action to effect, any such registration pursuant to this Section 1.3:

(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, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(ii) after the Company has effected (x) two (2) such registrations initiated by the Majority Initiating Holders and (y) three (3) such registrations initiated by the LCP Initiating Holders, in each case pursuant to this Section 1.3 (counting for these purposes only registrations which have been declared or ordered effective and registrations which have been withdrawn by the Holders as to which the Holders have not elected to bear the Registration Expenses pursuant to Section 1.6 hereof and would, absent such election, have been required to bear such expenses);

(iii) in a given nine (9) month period, after the Company has effected one (1) such registration in any such period;

(iv) during the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date ninety (90) days after the effective date of, a Company-initiated registration (or six (6) months after the effective date of the registration statement if it is for an Initial Public Offering), provided that the Company is actively employing in good faith all commercially reasonable efforts to cause such registration statement to become effective; or

(v) if the Initiating Holders propose to dispose of Registrable Securities which may be registered on Form S-3 pursuant to a request made under Section 1.5 hereof.

(c) If the Company shall furnish to the Initiating Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company (the "**Board**") it would be materially detrimental to the Company for such registration statement to be filed in the near future and that it is therefore in the best interests of the Company to defer the filing of such registration statement, the Company shall have the right to defer such filing for the period during which such disclosure would be materially detrimental, provided that the Company may not defer such filing for a period of more than ninety (90) days after receipt of the request of the Initiating Holders. The Company may not defer its obligation in this manner more than once in any twelve (12) month period.

(d) The registration statement filed pursuant to the request of the Initiating Holders may, subject to the provisions of Section 1.14 hereof, include Other Shares held by Other Stockholders and may include securities of the Company being sold for the account of the Company.

(e) 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 Section 1.3(a) hereof and the Company shall include such information in the written notice referred to in Section 1.3(a) hereof. The underwriter or underwriters shall be selected by Initiating Holders holding a majority of the Registrable Securities held by all Initiating Holders (or, if an LCP Investor is the Initiating Holder, the LCP Investor) and shall be reasonably acceptable to the Company. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall, together with the Company, enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting.

(f) Notwithstanding any other provision of this Section 1.3, if the representative of the underwriters advises the Initiating Holders in writing that marketing factors require a limitation on the number of securities to be underwritten, the Initiating Holders shall so advise all holders of Registrable Securities that would otherwise be underwritten, and the number of securities to be included in the underwriting shall be allocated in accordance with Section 1.14 hereof. If a person who has requested inclusion in such registration as provided herein does not agree to the terms of any such underwriting, such person shall be excluded therefrom by written notice from the Company, the underwriter or the Initiating Holders, and the securities so excluded shall be withdrawn from such registration. If securities are so withdrawn from the registration and if the number of securities to be included in such registration was previously reduced as a result of marketing factors pursuant to this Section 1.3(f), the Company shall offer to all Holders or Other Stockholders who have retained rights to include securities in the registration the right to include additional securities in the registration in an aggregate amount equal to the number of securities so withdrawn, with such securities to be allocated among such Holders or Other Stockholders requesting additional inclusion in accordance with Section 1.14 hereof.

1.4 Company Registration.

(a) If the Company shall determine to register any of its securities either for its own account or the account of a security holder or holders exercising their respective demand registration rights (other than a registration pursuant to Section 1.3 or 1.5 hereof, a registration related to the Company's Initial Public Offering of its Common Stock where the Company has determined pursuant to Section 1.4(c) hereof to exclude selling stockholders, a registration relating solely to employee benefit plans, a registration relating to the offer and sale of debt securities, or a registration relating solely to a Rule 145 transaction) the Company shall:

(i) promptly give to each Holder written notice thereof; and

(ii) use commercially reasonable efforts to include in such registration (and any related qualification under blue sky laws or other compliance), except as set forth in Section 1.4(b) hereof, and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made by any Holder and received by the Company within ten (10) days after the written notice from the Company described in clause (i) above is given by the Company. Such written request may specify all or a part of a Holder's Registrable Securities.

(b) If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 1.4(a)(i) hereof. In such event, the right of any Holder to include Registrable Securities in such registration pursuant to this Section 1.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company and any Other Stockholders distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected by the Company.

(c) Notwithstanding any other provision of this Section 1.4, if the representative of the underwriters advises the Company in writing that marketing factors require a limitation on the number of securities sold other than by the Company, the representative may (subject to the limitations set forth below) exclude all Registrable Securities from, or limit the number of Registrable Securities to be included in, the registration and underwriting. If the registration is with respect to the Company's Initial Public Offering, the Company may limit, to the extent so advised by the underwriters, the amount of securities (including Registrable Securities) to be included in the registration by the Company's stockholders (including the Holders), or may exclude, to the extent so advised by the underwriters, such underwritten securities entirely from such registration (provided that all Other Stockholders shall be excluded first from such offering). If such registration is with respect to any subsequent Company-initiated registered offering of the Company's securities to the general public, the Company may limit, to the extent so advised by the underwriters in writing, the amount of securities to be included in the registration by the Company's stockholders (including the Holders); provided, however, that the number of Registrable Securities to be included in such registration by the Company's stockholders (including the Holders) may not be so reduced to less than twenty-five percent (25%) of the total number of all securities included in such registration (provided that all Other Stockholders shall be excluded first from such offering). The Company shall so advise all holders of securities requesting registration, and the number of securities that are entitled to be included in the registration and underwriting shall be allocated first to the Company for securities being sold for its own account and thereafter as set forth in Section 1.14 hereof. If any person does not agree to the terms of any such underwriting, such person shall be excluded therefrom by written notice from the Company or the underwriter. Any securities excluded or withdrawn from such underwriting shall be withdrawn from such registration. If securities are so withdrawn from the

registration and if the number of securities to be included in such registration was previously reduced as a result of marketing factors, the Company shall then offer to all persons who have retained the right to include securities in the registration the right to include additional securities in the registration in an aggregate amount equal to the number of securities so withdrawn, with such securities to be allocated among the persons requesting additional inclusion in accordance with Section 1.14 hereof. To facilitate the allocation of securities in accordance with the above provisions, the Company or the underwriter(s) may round the number of securities allocated to any Holder to the nearest 100 shares.

(d) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

1.5 Registration on Form S-3.

(a) After the Company has qualified for the use of Form S-3, in addition to the rights contained in the foregoing provisions of this Section 1, the S-3 Initiating Holders shall have the right to request registrations on Form S-3 (such requests shall be in writing and shall state the number of Registrable Securities to be disposed of and the intended methods of disposition of such securities by such Holder or Holders); provided, however, that the Company shall not be obligated to effect any such registration:

(i) if the S-3 Initiating 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) on Form S-3 at an aggregate price to the public of less than $1,000,000;

(ii) if the Company shall furnish the certification described in Section 1.3(c) hereof (but subject to the limitations set forth therein);

(iii) in a given twelve (12) month period, after the Company has effected two (2) such registration in any such period; or

(iv) in the circumstances described in Sections 1.3(b)(i) or 1.3(b)(iii) hereof.

(b) If a request complying with the requirements of Section 1.5(a) hereof is delivered to the Company, the provisions of Sections 1.3(a)(i) and (ii) hereof shall apply to such registration. If the registration is for an underwritten offering, the provisions of Sections 1.3(e) and 1.3(f) hereof shall apply to such registration.

1.6 Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Sections 1.3, 1.4 and 1.5 hereof shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Sections 1.3 and 1.5 hereof if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered or because a sufficient number of Holders shall have

withdrawn so that the minimum offering conditions set forth in Sections 1.3 and 1.5 hereof are no longer satisfied (in which case all participating Holders shall bear such expenses pro rata among such Holders based on the number of Registrable Securities requested to be so registered), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to a demand registration pursuant to Section 1.3 or 1.5 hereof, as applicable; provided further, however, that if such withdrawal occurs prior to the date the registration statement shall have become effective and is based upon material adverse information relating to the Company that is different from the information known to the Holders requesting registration at the time of their request for registration under Section 1.3 or 1.5 hereof, such registration shall not be treated as a counted registration for purposes of Section 1.3 or 1.5 hereof, as applicable, even though the Holders do not bear the Registration Expenses for such registration. All Selling Expenses relating to securities so registered shall be borne by the holders of such securities pro rata on the basis of the number of securities so registered on their behalf.

1.7 Registration Procedures. In the case of each registration effected by the Company pursuant to Section 1.3, 1.4 or 1.5 hereof, the Company will keep each Holder advised in writing as to the initiation of each registration and as to the completion thereof. At its expense, the Company will use commercially reasonable efforts to:

(a) Keep such registration effective for a period of one hundred twenty (120) days or until the Holder or Holders have completed the distribution described in the registration statement relating thereto, whichever first occurs; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of the Company; and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, subject to compliance with SEC rules, such one hundred twenty (120) day period shall be extended for so long as is necessary to keep the registration statement effective until all such Registrable Securities are sold;

(b) Prepare and file with the Commission 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 Securities Act with respect to the disposition of all securities covered by such registration statement;

(c) Furnish, (i) to the Holder’s legal counsel, copies of the registration statement and the prospectus included therein (including each preliminary prospectus), in each case including all exhibits thereto, proposed to be filed and provide such legal counsel a reasonable opportunity to review and comment on such registration statement and (ii) to the Holder and the underwriters, such other documents as it may reasonably request in order to facilitate the disposition of Registrable Securities owned by it;

(d) Furnish such number of copies of a prospectus, including a preliminary prospectus, and any Free Writing Prospectus, including any amendments or supplements thereto, and other documents incident thereto, as a Holder from time to time may reasonably request in order to facilitate the distribution of such Holder’s Registrable Securities;

(e) If requested by the managing underwriter or underwriters, if any, or the Holder, promptly include in any prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters, if any, or the Holder may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or post-effective amendment as soon as reasonably practicable after the Company has received such request;

(f) Notify each seller of Registrable Securities covered by such registration statement at any time when a prospectus or Free Writing Prospectus (to the extent prepared by or on behalf of the Company) relating thereto is required to be delivered under the Securities 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 or incomplete in the light of the circumstances then existing, and at the request of any such seller, prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus or Free Writing Prospectus (to the extent prepared by or on behalf of the Company) as may be necessary so that, as thereafter delivered to the purchasers of such shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing;

(g) Use commercially reasonable efforts to obtain as promptly as reasonably practicable the withdrawal of, any stop order with respect to the applicable registration statement or other order suspending the use of any preliminary or final prospectus;

(h) Cause all such Registrable Securities registered hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(i) Provide a transfer agent and registrar for all Registrable Securities registered pursuant to such registration statement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(j) In connection with any underwritten offering pursuant to a registration statement filed pursuant to this Section 1, the Company will enter into an underwriting agreement reasonably necessary to effect the offer and sale of Common Stock, provided such underwriting agreement contains customary underwriting provisions and provided further that if the underwriter so requests the underwriting agreement will contain customary contribution provisions;

(k) Furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1, (i) on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the closing date of the applicable sale, (i) (A) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and (B) a

"negative assurances letter," dated such date of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, in each case, addressed to the underwriters, if any, or, if requested, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities, (ii) on the pricing and closing date, respectively, of the applicable offering or sale a "cold comfort" and "bring-down" letter, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, or, if requested, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities and (iii) customary certificates executed by authorized officers of the Company as may be requested by any Holder or any underwriter of such Registrable Securities;

(l) Make available to the appropriate representatives of the underwriters, if any, and any Holder access to such information and Company personnel as is reasonable and customary to enable such parties to establish a due diligence defense under the Securities Act;

(m) In connection with an underwritten offering pursuant to a registration statement filed pursuant to this Section 1, make available the executive officers of the Company to participate with the Holders of Registrable Securities and any underwriters in any "road shows" or other marketing and selling efforts that may be reasonably requested by the Holders in connection with the methods of distribution for the Registrable Securities;

(n) 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;

(o) Cooperate with the Holders and each underwriter or agent participating in the disposition of Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority ("**FINRA**"), including the use of commercially reasonable efforts to obtain FINRA's pre-clearance or pre-approval of the registration statement and applicable prospectus upon filing with the Commission; and

(p) Use its commercially reasonable efforts to take such other steps necessary to effect the registration and sale of the Registrable Securities contemplated thereby.

1.8 Indemnification.

(a) The Company will indemnify each Holder, each of its officers, directors, partners and members, legal counsel, accountants and investment advisers and each person controlling such Holder within the meaning of Section 15 of the Securities Act, with respect to which registration, qualification, or compliance has been effected pursuant to this Section 1, and each underwriter, if any, and each person who controls within the meaning of Section 15 of the

Securities Act any underwriter, against all expenses, claims, losses, damages, and liabilities (or actions, proceedings, or settlements in respect thereof) arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular, or other document (including any related registration statement, notification, or the like) incident to any such registration, qualification, or compliance, (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation (or alleged violation) by the Company of the Securities Act, any state or other securities laws or any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification, or compliance, and will reimburse each such Holder, each of its officers, directors, partners, members, legal counsel, accountants and investment advisers and each person controlling such Holder, each such underwriter, and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, loss, damage, liability, or action; provided that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability, or expense arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by such Holder or underwriter and stated to be specifically for use therein. It is agreed that the indemnity agreement contained in this Section 1.8(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 has not been unreasonably withheld).

(b) Each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification, or compliance is being effected, indemnify the Company, each of its directors, officers, legal counsel and accountants and each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, each other such Holder and Other Stockholder, and each of their officers, directors, and partners, and each person controlling such Holder or Other Stockholder, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular, or other document, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and such Holders, Other Stockholders, directors, officers, legal counsel and accountants, persons, underwriters, or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Company by such Holder and stated to be specifically for use therein; provided, however, that the obligations of such Holder hereunder shall not apply to amounts paid in settlement of any such claims, losses, damages, or liabilities (or actions in respect thereof) if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld). In no event shall any indemnity under this Section 1.8(b), when taken together with any contribution under Section 1.8(d), exceed the net proceeds from the offering received by such Holder.

(c) Each party entitled to indemnification under this Section 1.8 (the "**Indemnified Party**") shall give notice to the party required to provide indemnification (the "**Indemnifying Party**") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the Indemnified Party may participate in such defense at such party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall relieve the Indemnifying Party of its obligations under this Section 1, only to the extent such failure is prejudicial. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term 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.

(d) If the indemnification provided for in this Section 1.8 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 therein, 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 of the Indemnified Party on the other 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 in no event shall any contribution by a Holder under subsection (d) of this Section 1.8 (when taken together with any amounts paid pursuant to Section 1.8(b) above) exceed the net proceeds from the offering received by such Holder. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.8 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.9 Information by Holder. Each Holder of Registrable Securities shall furnish to the Company such information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification, or compliance referred to in this Section l.

1.10 Limitations on Subsequent Registration Rights. After the date of this Agreement, the Company shall not, without the prior written consent of holders of a majority of the Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company (i) giving such holder or prospective holder any registration rights the terms of which are more favorable than or on parity with the registration rights granted to the Holders hereunder or (ii) granting "piggyback" registration rights which would reduce the number of shares includable by holders of Registrable Securities in any registration.

1.11 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use commercially reasonable efforts to:

(a) Make and keep adequate current public information regarding the Company available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after the effective date of the first registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at any time after it has become subject to such reporting requirements; and

(c) So long as a Holder owns any Restricted Securities, furnish to the Holder forthwith upon written request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such securities without registration.

1.12 Transfer or Assignment of Registration Rights. The rights to cause the Company to register securities granted to a Holder by the Company under this Section 1 may be transferred or assigned by a Holder only to (a) a transferee or assignee who after such transfer or assignment holds not less than two percent (2%) of the Registrable Securities (subject to subsequent adjustments for stock splits, stock dividends, reverse stock splits, and the like); (b) partners, retired partners, members, retired members or other equity owners or affiliates of such Holder or to the estate of any such individuals; (c) a venture capital, private equity or other investment fund that is controlled by or under common control with one or more general partners or managing members of, or shares the same management company or investment adviser with, such Holder; or (d) a Family Member of such Holder or a trust for the benefit of such Holder or Family Member; provided, however, that in each such case the Company is given written notice at the time of or within a reasonable time after such transfer or assignment, stating the name and address of the transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned, such transfer or assignment is effected in accordance with Section 1.2 hereof, and the transferee or assignee of such rights assumes in writing the obligations of such Holder under this Agreement.

1.13 "Market Stand-Off" Agreement.

(a) Each Holder agrees that such Holder shall not sell or otherwise transfer, dispose of, make any short sale of, grant any option for the purchase of, or enter into any hedging of similar transaction with the same economic effect as a sale of, any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) (i) during the one hundred eighty (180) days following the effective date of the registration statement of the Company with respect to an Initial Public Offering (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation) or (ii) if, and only if, such Holder participates in any offering other than an Initial Public Offering, during the ninety (90) days from the date of such prospectus or such shorter period as may be agreed by the managing underwriter or underwriters, in the case of such offering. The foregoing provisions of this Section 1.13 shall not apply to the sale of (i) any securities to an underwriter pursuant to an underwriting agreement or (ii) any securities acquired by an Investor pursuant to the Initial Public Offering or in the public markets following the Company's Initial Public Offering, and shall only be applicable to the Holders if all then current officers and directors and greater than one percent (1%) stockholders of the Company enter into similar agreements. The underwriters in connection with any public offering subject to the provisions of this Section 1.13 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. If any of the obligations described in this Section 1.13 are waived or terminated with respect to any of the securities of any such Holder, officer, director or greater-than-one-percent stockholder (in any such case, the "**Released Securities**"), the foregoing provisions shall be waived or terminated, as applicable, to the same extent and with respect to the same percentage of securities of each Holder as the percentage of Released Securities represent with respect to the securities held by the applicable Holder, officer, director or greater-than-one-percent stockholder.

(b) The obligations described in this Section 1.13 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the securities subject to the foregoing restriction until the end of the applicable periods. Each Stockholder agrees to execute a market standoff agreement with the underwriters in customary form consistent with the provisions of this Section 1.13.

1.14 Allocation of Registration Opportunities. Except as otherwise provided in this Agreement, in any circumstance in which all of the Registrable Securities and Other Shares requested to be included in a registration on behalf of the Holders or Other Stockholders cannot be so included as a result of limitations in the aggregate number of Registrable Securities and Other Shares that may be so included, the number of Registrable Securities and Other Shares (if any) shall be excluded, first by excluding Other Shares, pro rata on the basis of the number of Other Shares held by such Other Stockholders, and thereafter by excluding Registrable Securities, pro

rata on the basis of the number of Registrable Securities held by such Holders, until the aggregate number of Registrable Securities and Other Shares (if any) may be included in such registration. If any Holder or Other Stockholder does not request inclusion of the maximum number of Registrable Securities and Other Shares allocated to such person pursuant to the above described formula, the remaining portion of such person's allocation shall be reallocated among those requesting Holders and/or Other Stockholders whose allocations did not satisfy their requests, pro rata on the same basis as described above, and this procedure shall be repeated until all of the Registrable Securities and/or Other Shares that may be included in such registration on behalf of the Holders and/or Other Stockholders have been so allocated. 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, private equity fund, other investment fund, partnership or corporation, the affiliated venture capital funds, private equity funds, other investment funds, partners, retired partners and stockholders of such Holder, or the estates and Family Members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of Registrable Securities owned by all such related entities and individuals.

1.15 Delay of Registration. No Holder shall have any right to take any action to restrain, enjoin, or otherwise delay any registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.16 Termination of Registration Rights. The right of any Holder to request registration or inclusion in any registration pursuant to Section 1.3, 1.4 or 1.5 hereof shall terminate upon the earlier of (a) such date after the closing of the Initial Public Offering as all shares of Registrable Securities held or entitled to be held upon conversion by such Holder may immediately be sold under Rule 144 during any ninety (90) day period without the requirement for the Company to be in compliance with the current public information required under Rule 144(c)(1) and such Holder holds less than one percent (1%) of outstanding capital stock of the Company; or (b) the expiration of five (5) years after the closing of the Initial Public Offering.

2. Covenants of the Company. The Company hereby covenants and agrees, so long as a Holder owns any Registrable Securities, as follows:

2.1 Basic Financial Information. The Company will furnish the following reports to each Major Holder:

(a) Within one hundred fifty (150) days after the end of each fiscal year of the Company, an audited consolidated balance sheet of the Company and its subsidiaries, if any, as at the end of such fiscal year, and consolidated statements of income, cash flows and stockholders' equity of the Company and its subsidiaries, if any, for such fiscal year, prepared in accordance with generally accepted accounting principles consistently applied.

(b) Within forty-five (45) days after the end of the first, second and third quarterly accounting periods in each fiscal year of the Company, an unaudited consolidated balance sheet of the Company and its subsidiaries, if any, as of the end of each such quarterly period, and consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such period, prepared in accordance with generally accepted accounting principles consistently applied (except that such financial statements may be subject to normal year-end adjustments and may not contain all footnotes required by generally accepted accounting principles). Such financial statements shall also set forth applicable plan figures and variances from plan.

(c) Within thirty (30) days after the end of each month, a consolidated balance sheet of the Company and its subsidiaries, if any, as of the end of such monthly period, and consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such period, prepared in accordance with generally accepted accounting principles consistently applied (except that such financial statements may be subject to normal year-end adjustments and may not contain all footnotes required by generally accepted accounting principles. Such financial statements shall also set forth applicable plan figures and variances from plan.

(d) At least thirty (30) days prior to the beginning of each fiscal year, an annual budget and business plan for such fiscal year.

In addition, the Company shall promptly and accurately respond, and shall use commercially reasonable best efforts to cause its transfer agent to promptly respond, to requests for information made on behalf of any LCP Investor, Fidelity Investor, Wellington Investor or AllianceBernstein Investor relating to (a) accounting or securities law matters required in connection with its audit or (b) the actual holdings of such Investor, including in relation to the total outstanding shares; provided however, that the Company shall not be obligated to provide any such information that could reasonably result in a violation of applicable law or conflict with a confidentiality obligation of the Company.

2.2 Inspection Rights. The Company will afford to each Major Holder, and to such Major Holder's accountants and counsel, reasonable access during normal business hours to all of the Company's respective properties, books and records. Each such Major Holder shall have such other access to management and information as is necessary for it to comply with applicable laws and regulations and reporting obligations. The Company shall not be required 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. Major Holders may exercise their rights under this Section 2.2 only for purposes reasonably related to their interests under this Agreement and related agreements. The rights granted pursuant to this Section 2.2 may not be assigned or otherwise conveyed by the Major Holders or by any subsequent transferee of any such rights without the prior written consent of the Company.

2.3 Matters Requiring Series F Director Approval. So long as the holders of Series F Preferred Stock are entitled to elect a Series F Director, the Company hereby covenants and agrees with each of the Investors that it shall not, without approval of the Board, which approval must include the affirmative vote or written consent of at least one of the Series F Directors, such affirmative vote or written consent not to be unreasonably withheld and such Series F Director(s) acting in accordance with fiduciary duties:

(a) materially change the principal business of the Company or enter into new lines of business or make other material changes to the existing business model;

(b) approve an annual budget for a future fiscal year;

(c) increase the number of shares reserved pursuant to the Company's Amended and Restated 2011 Stock Incentive Plan (the "**Plan Increase**");

(d) issue to employees, directors and officers of, or consultants or advisors to, the Company any stock grant, stock option, stock bonus, stock purchase or other equity incentive from shares reserved in connection with a Plan Increase; or

(e) hire or terminate the Company's Chief Executive Officer or Chief Financial Officer, unless with respect to this clause (e), such action has been approved by all members of the Board other than the Series F Directors.

2.4 Directors' and Officer's Insurance; Reimbursement of Expenses. The Company shall use commercially reasonable efforts to maintain directors' and officer's insurance in an amount and upon policy limits and other terms reasonably acceptable to the Board. The Company will reimburse each member of the Board for reasonable out-of-pocket travel and related expenses incurred in attending board or committee meetings or any other customary activities involving Company business matters (such as meetings or trade shows) and that involve such travel or related expenses; provided however, that any individual out-of-pocket expense exceeding $10,000 shall require the prior approval of the Company (which approval shall not be unreasonably withheld). In addition to the foregoing, the Company will reimburse the LCP Investor for customary and reasonable out-of-pocket travel and related expenses actually incurred by it or any of its affiliates after the date hereof relating to any advisory services provided to the Company or any of its subsidiaries by the LCP Investor or its affiliates, in each case, including reasonable travel expenses to attend any meetings with the Company and / or its management team or other similar activities; provided however, that any individual out-of-pocket expense exceeding $10,000 shall require the prior approval of the Company (which approval shall not be unreasonably withheld). For the avoidance of doubt, the LCP Investor will not be entitled to a fee for the provision of any such advisory services.

2.5 Stock Vesting. All stock, stock options and other stock equivalents subject to grants made after the date hereof to employees, directors, consultants and other service providers of the Company will be subject to vesting as follows (unless otherwise approved by the Board): 25% of such shares shall vest twelve (12) months following the date of such grant, with the remaining 75% of such shares to vest in equal monthly installments over the following thirty-six (36) months.

2.6 Proprietary Information and Inventions Agreements. The Company shall require each employee and consultant with access to confidential information and/or trade secrets to sign a proprietary information and inventions agreement providing that (i) he or she will maintain all Company proprietary information in confidence, (ii) he or she will assign all inventions created by him as an employee or consultant during his employment or service to the Company, and (iii) he or she will not disclose any information related to the Company's work force and will not solicit any employees from the Company for a period of twelve months should his employment or service to the Company be terminated for any reason.

2.7 Termination of Covenants. The covenants set forth in this Section 2 shall terminate and be of no further force and effect upon the earlier to occur of (i) the closing of the Company's Initial Public Offering, or (ii) the occurrence of a "**Liquidation Event**," as such term is defined under the Company's Amended and Restated Certificate of Incorporation, as in effect from time to time; provided that the covenants set forth in Sections 2.1 and 2.2 shall not terminate if, following, and as a result of, such Liquidation Event, the Major Holders hold equity in an entity that is not subject to the public company reporting requirements of the Exchange Act. The covenants in Section 2.1 and 2.2 hereof shall also terminate and be of no further force and effect at such time as the Company becomes subject to the public company reporting provisions of the Exchange Act.

2.8 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose or divulge for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 2.7 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, (c) was known by the Investor prior to its disclosure by the Company, or (d) is or has been made known or disclosed to the Investor by a third party who is not known by the Investor (after reasonable inquiry) to have any obligation of confidentiality to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, investment advisor and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to a confidentiality undertaking substantially similar to the obligations under this Subsection 2.7; (iii) to any existing affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such person that such information is confidential and directs such person to maintain the confidentiality of such information; or (iv) as may otherwise be required by any governmental entity or by law, regulation or other legal process, provided that the Investor promptly notifies the Company of such disclosure (to the extent legally permissible) and, if requested by the Company, takes reasonable steps to minimize the extent of any such required disclosure. Notwithstanding the foregoing, (i) in the case of any LCP Investor, AllianceBernstein Investor, Glade Brook Investor, Fidelity Investor or Wellington Investor, such Investor may identify the Company and the value of such Investor's security holdings in the Company in accordance with applicable investment reporting and disclosure regulations or internal policies and respond to routine examinations, demands, requests or reporting requirements of a regulator without prior notice to or consent from the Company, (ii) in the case of any LCP Investors, such Investor may disclose to its investors and potential investors, provided that such investors and potential investors are subject to confidentiality obligations substantially similar to those provided in this Section 2.8, (w) the name of the Company, the existence of its investment in the Company (including type of security), (x) the aggregate amount and value of such investment, (y) other summary financial information customarily provided on a confidential basis to such investors in the ordinary course of business as is reasonable, necessary and in line with past practice, provided that such summary financial information shall only be provided to potential investors in connection with ordinary course fund raising and related marketing or informational or reporting activities, in each case, consistent with past practice, and (iii) this Section 2.8 shall only apply to the LCP Investors for the period during which any LCP Investor or its affiliates hold any Registrable Securities and for the three (3) years thereafter.

3. Right of First Refusal.

3.1 Right of First Refusal. The Company hereby grants to each Major Holder the right of first refusal to purchase a pro rata share of New Securities (as defined in this Section 3.1) which the Company may, from time to time, propose to sell and issue. A Major Holder's pro rata share, for purposes of this right of first refusal, is the ratio of the number of shares of Common Stock owned by such Major Holder immediately prior to the issuance of New Securities, assuming full conversion of the Shares and full conversion and exercise of all other convertible securities, rights, options and warrants to acquire Common Stock owned by such Major Holder, to the total number of shares of Common Stock outstanding immediately prior to the issuance of New Securities, assuming full conversion of the Shares and full conversion and exercise of all outstanding convertible securities, rights, options and warrants to acquire Common Stock of the Company. For purposes of this Section 3.1, the term "Major Holder" includes any general partners and affiliates of a Major Holder. A Major Holder shall be entitled to apportion the right of first refusal hereby granted it among itself and its partners and affiliates in such proportions as it deems appropriate. This right of first refusal shall be subject to the following provisions:

(a) "**New Securities**" shall mean any capital stock (including Common Stock and/or Preferred Stock) of the Company or any of its subsidiaries whether now authorized or not, and rights, options or warrants to purchase such capital stock, and securities of any type whatsoever that are, or may become, convertible into capital stock; provided that the term "New Securities" does not include shares of Common Stock excluded from the definition of "Additional Shares of Common Stock" pursuant to Section B.4.4.1(d) (other than Subsection B.4.4.1(d)(xi) thereof) of the Company's Amended and Restated Certificate of Incorporation, as in effect from time to time.

(b) If the Company or one of its subsidiaries, as applicable, proposes to undertake an issuance of New Securities, the Company shall give each Major Holder written notice of its intention, describing the type of New Securities, and their price and the general terms upon which the Company proposes to issue the same. Each Major Holder shall have twenty (20) days after any such notice is given to agree to purchase all or any portion of such Major Holder's pro rata share of such New Securities for the price and upon the terms specified in the notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased. The Company shall promptly, in writing, inform each Major Holder that elects to purchase all the shares available to it for purchase (a "**Fully-Exercising Investor**") of any other Major Holder's failure to do likewise. During the ten (10) day period commencing after such information is delivered to a Fully Exercising Investor, each Fully-Exercising Investor may elect to purchase up to that portion of the shares for which Major Holders were entitled to subscribe but which were not subscribed for by the Major Holders that is equal to the proportion that the number of shares of Common Stock owned by such Fully-Exercising Investor, assuming full conversion of the Shares and full conversion and exercise of all other convertible securities, rights, options and warrants to acquire Common Stock, bears to the total number of shares of Common Stock owned by all Fully-Exercising Investors who wish to purchase some of the unsubscribed shares, assuming full conversion of the Shares and full conversion and exercise of all other convertible securities, rights, options and warrants to acquire Common Stock, or such greater amount of such shares as may be available as a result of any Fully-Exercising Investor not fully exercising their right to acquire additional shares.

(c) If the Major Holders fail to exercise fully the right of first refusal within the periods provided in Section 3.1(b) hereof, the Company or one of its subsidiaries, as applicable, shall have ninety (90) days thereafter to sell or enter into an agreement (pursuant to which the sale of New Securities covered thereby shall be closed, if at all, within thirty (30) days from the date of such agreement) to sell the New Securities with respect to which the Major Holders' right of first refusal set forth in this Section 3.1 was not exercised, at a price and upon terms no more favorable to the purchasers thereof than specified in the Company's notice to the Major Holders pursuant to Section 3.1(b) hereof. If the Company or one of its subsidiaries, as applicable, has not sold the New Securities within the times specified in the prior sentence, the Company or its subsidiary, as applicable, shall not thereafter issue or sell any New Securities without first again offering such securities to the Major Holders in the manner provided in Section 3.1(b) hereof.

3.2 Amendment. The right of first refusal set forth in Section 3.1 hereof may not be assigned or transferred, except that (a) such right is assignable by each Major Holder to any affiliate, affiliated venture fund, affiliated private equity fund, affiliated investment fund, wholly owned subsidiary or parent of, or to any corporation or entity that is, within the meaning of the Securities Act, controlling, controlled by or under common control with, any such Major Holder, and (b) such right is assignable between and among any of the Major Holders.

3.3 Termination. The right of first refusal set forth in Section 3.1 hereof shall terminate and be of no further force and effect upon, the earlier to occur of (a) the closing of the Company's Initial Public Offering, or (b) the occurrence of a Liquidation Event.

4. Miscellaneous

4.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware without regard to conflict of laws provisions thereof.

4.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including permitted transferees of any 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.

4.3 Entire Agreement; Amendment; Waiver. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein. Any term of this Agreement may be amended, waived or terminated (either generally or in a particular instance and either retroactively or

prospectively) only with the written consent of the Company and holders of a majority in interest of the Registrable Securities (including a majority of the outstanding Registrable Securities not then held by LCP Investors); provided, however, that in the case such amendment, waiver or termination adversely affects a holder of Registrable Securities disproportionately as compared to the other holders of Registrable Securities (other than (x) as a result of such holders owning different amounts of shares of Registrable Securities as compared to other holders of Registrable Securities similarly affected or (y) amendments or waivers with respect to terms that are specific to any holder of Registrable Securities), such waiver, termination or amendment shall require the prior consent of such adversely affected holder of Registrable Securities (or, in the case of provisions that grant rights to the Major Holders, the holders of a majority in interest of the Registrable Securities held by Major Holders; provided, however, that in the case such amendment, waiver or termination adversely affects a Major Holder disproportionately as compared to the other Major Holders, such waiver, termination or amendment shall require the prior consent of such affected Major Holder); provided further, that in the case such amendment, waiver or termination applies to Section 1.3, Section 2.1, Section 2.2 or Section 3 (including by amending relevant definitions of the Company's Amended and Restated Certificate of Incorporation) and adversely affects the LCP Initiating Holders (for Section 1.3) or any LCP Investor (for Sections 2.1, 2.2 and 3), such waiver, termination or amendment shall require the prior consent of the LCP Initiating Holders or such affected LCP Investor, as applicable; provided further that any amendment, waiver or termination of Section 1.13 that adversely affects holders of Series C Preferred Stock shall require the prior written consent of holders of at least a majority of the shares of Series C Preferred Stock; provided further that any amendment, waiver or termination of Section 1.13 that adversely affects holders of Series D Preferred Stock shall require the prior written consent of holders of at least a majority of the shares of Series D Preferred Stock; provided further that any amendment, waiver or termination of Section 1.13 that adversely affects holders of Series E Preferred Stock shall require the prior written consent of holders of at least a majority of the shares of Series E Preferred Stock; and provided further that any amendment, waiver or termination of (i) Section 1.13 that adversely affects holders of Series F Preferred Stock or (ii) Section 2.3 shall require the prior written consent of holders of at least a majority of the shares of Series F Preferred Stock. Any such amendment, waiver or termination shall be binding on all Holders. In addition, the Company may waive performance of any obligation owing to it other than the market stand-off obligations under Section 1.13 hereof, as to some or all of the Holders, or agree to accept alternatives to such performance, without obtaining the consent of any Holder.

4.4 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing, addressed (a) if to an Investor, only as indicated on the List of Investors attached hereto as Schedule A, Schedule B, Schedule C, Schedule D, Schedule E, Schedule F and Schedule G or at such other address as such Investor shall have furnished to the Company in writing at least ten (10) days prior to any notice to be given hereunder, or (b) if to the Company, at its principal office, Attention: Chief Executive Officer, or at such other address as the Company shall furnish to each Investor in writing at least ten (10) days prior to any notice to be given hereunder, with copies, which shall not constitute notice, to (i) the Company's Executive Vice President and General Counsel at the address described above and (ii) Cooley LLP, 1333 2nd Street, Suite 400, Santa Monica, California 90401-4100, Attention: C. Thomas Hopkins. All such notices and other written communications shall be deemed effectively given upon personal delivery to the party to be notified (or upon the date of attempted delivery where delivery is

refused) or, if sent by facsimile, upon receipt of appropriate written confirmation of receipt, or, if sent by mail, five (5) days after deposit with the United States Postal Service, or, if by air courier, one (1) day after deposit with a next day air courier, with postage and fees prepaid and addressed to the party entitled to such notice, or, if sent by electronic mail, when directed to any electronic mail address set forth on Schedule A, Schedule B, Schedule C, Schedule D, Schedule E, Schedule F and/or Schedule G hereto.

4.5 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party to this Agreement, upon any breach or default of any other party under this Agreement shall impair any such right, power or remedy of such non-defaulting party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

4.6 Severability. Unless otherwise expressly provided herein, a Holder's rights hereunder are several rights, not rights jointly held with any of the other Holders. If any provision of this Agreement is held to be illegal or unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

4.7 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.

4.8 Counterparts; Facsimile Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile and upon such delivery the facsimile signature shall be deemed to have the same effect as if the original signature had been delivered to the other party.

4.9 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement (including without limitation the determination of the satisfaction of any applicable thresholds), and such affiliated entities or persons may apportion such rights as among themselves in any manner they deem appropriate.

4.10 Attorneys' Fees. 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 disbursements in addition to any other relief to which such party may be entitled.

4.11 Acknowledgment. The Company acknowledges that the Investors are in the business of venture capital and/or private equity investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

4.12 Amendment of Prior Agreement. The Prior Agreement is hereby amended and superseded in its entirety and restated herein. Such amendment and restatement is effective upon the execution of this Agreement by the Company and the parties required for an amendment pursuant to Section 4.3 of the Prior Agreement. Upon such execution, all provisions of, rights granted and covenants made in the Prior Agreement are hereby terminated, waived, released and superseded in their entirety by the provisions hereof and shall have no further force or effect, including without limitation all, all rights of first refusal and any notice period associated therewith otherwise applicable to the transaction associated with the Series F Preferred Stock Purchase Agreement among the Company and the Series F Investors dated as of the date hereof.

4.13 No Third-Party Beneficiaries. Except as expressly set forth in Sections 1.8 and 1.13 (only with respect to the underwriters in connection with any public offering as detailed in Section 1.13), this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing expressed or referred to in this Agreement will be construed to give any person, other than the parties to this Agreement and such permitted assigns, any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, whether as third party beneficiary or otherwise.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.

COMPANY:

THE HONEST COMPANY, INC.

By: */s/ Nikolaos A. Vlahos*
Nikolaos A. Vlahos
Chief Executive Officer

Address: 12130 Millennium Dr., #500
Los Angeles, CA 90094

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

THC SHARED ABACUS, LP

By: Its General Partner
C8 Management LLC

By: */s/ Scott Dahnke*
Name: Scott Dahnke
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

FIDELITY PURITAN TRUST: FIDELITY PURITAN FUND

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY MT. VERNON STREET TRUST: FIDELITY SERIES GROWTH COMPANY FUND

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY GROWTH COMPANY COMMINGLED POOL
By: Fidelity Management & Trust Co.

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY MT. VERNON STREET TRUST: FIDELITY GROWTH COMPANY FUND

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY BLUE CHIP GROWTH COMMINGLED POOL
By: Fidelity Management & Trust Co.

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

PYRAMIS LIFECYCLE BLUE CHIP GROWTH COMMINGLED POOL
By: Pyramis Global Advisors Trust Company, as Trustee

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY SECURITIES FUND: FIDELITY BLUE CHIP GROWTH FUND

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY SECURITIES FUND: FIDELITY SERIES BLUE CHIP GROWTH FUND

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY TREND FUND: FIDELITY TREND FUND

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY SECURITIES FUND: FIDELITY OTC PORTFOLIO

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY OTC COMMINGLED POOL
By: Fidelity Management & Trust Co.

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

VARIABLE INSURANCE PRODUCTS FUND IV: CONSUMER STAPLES PORTFOLIO

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY GROUP TRUST FOR EMPLOYEE BENEFIT PLANS: FIDELITY GROWTH COMMINGLED POOL

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIAM TARGET DATE BLUE CHIP GROWTH COMMINGLED POOL
By: Fidelity Institutional Asset Management Trust Company as Trustee

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY SECURITIES FUND: FIDELITY FLEX LARGE CAP GROWTH FUND

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

FIDELITY SECURITIES FUND: FIDELITY BLUE CHIP GROWTH K6 FUND

By: */s/ Courtney Bedell*
Name: Courtney Bedell
Title: Proxy Analyst

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

HARTFORD SMALL COMPANY HLS FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

John Hancock Funds II Small Cap Stock Fund

By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

JOHN HANCOCK PENSION PLAN
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

JOHN HANCOCK VARIABLE INSURANCE TRUST SMALL CAP GROWTH TRUST
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

MASSMUTUAL SELECT SMALL CAP GROWTH EQUITY FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

MML SMALL CAP GROWTH EQUITY FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

Eversource Retirement Plan Master Trust

By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

THE HARTFORD CAPITAL APPRECIATION FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

THE HARTFORD SMALL COMPANY FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

SA WELLINGTON CAPITAL APPRECIATION PORTFOLIO
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

HARTFORD CAPITAL APPRECIATION HLS FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

HARTFORD GLOBAL CAPITAL APPRECIATION FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

HARTFORD GROWTH OPPORTUNITIES HLS FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

SA MULTI-MANAGED MID CAP GROWTH PORTFOLIO
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

MID CAP STOCK FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

MID CAP STOCK TRUST
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

THE HARTFORD GROWTH OPPORTUNITIES FUND
By: Wellington Management Company LLP, as investment adviser

/s/ Valerie Tipping
Valerie Tipping
Managing Director and Counsel

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

INSTITUTIONAL VENTURE PARTNERS XIII, L.P.

By: Institutional Venture Management XIII LLC
Its: General Partner

By: */s/ Eric Liaw*
Name: Eric Liaw
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

GENERAL CATALYST GROUP V, L.P.

By: General Catalyst Partners V, L.P.
Its: General Partner

By: General Catalyst GP V, LLC
Its: General Partner

By: */s/ Christopher McCain*
Name: Christopher McCain
Title: Chief Legal Officer

GC ENTREPRENEURS FUND V, L.P.

By: General Catalyst Partners V, L.P.
Its: General Partner

By: General Catalyst GP V, LLC
Its: General Partner

By: */s/ Christopher McCain*
Name: Christopher McCain
Title: Chief Legal Officer

GENERAL CATALYST GROUP V SUPPLEMENTAL, L.P.

By: General Catalyst Partners V, L.P.
Its: General Partner

By: General Catalyst GP V, LLC
Its: General Partner

By: */s/ Christopher McCain*
Name: Christopher McCain
Title: Chief Legal Officer

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

LIGHTSPEED VENTURE PARTNERS VIII, L.P.

By: Lightspeed General Partner VIII, L.P.
Its: general partner
By: Lightspeed Ultimate General Partner VIII, Ltd.
Its: general partner

By: */s/ Jeremy Liew*
Name: Jeremy Liew
Title: Duly Authorized Signatory

LIGHTSPEED VENTURE PARTNERS SELECT, L.P.

By: Lightspeed General Partner Select, L.P.
Its: general partner
By: Lightspeed Ultimate General Partner Select, Ltd.
Its: general partner

By: */s/ Jeremy Liew*
Name: Jeremy Liew
Title: Duly Authorized Signatory

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

ICONIQ STRATEGIC PARTNERS, L.P.:
ICONIQ Strategic Partners, L.P.
a Cayman Islands exempted limited partnership

By: ICONIQ Strategic Partners GP, L.P.,
a Cayman Islands exempted limited partnership
Its: General Partner

By: ICONIQ Strategic Partners TT GP, Ltd.,
a Cayman Islands exempted company
Its: General Partner

By: */s/ Greg Stanger*
Name: Greg Stanger
Title: General Partner

ICONIQ STRATEGIC PARTNERS-B, L.P.:

ICONIQ Strategic Partners-B, L.P.
a Cayman Islands exempted limited partnership

By: ICONIQ Strategic Partners GP, L.P.,
a Cayman Islands exempted limited partnership
Its: General Partner

By: ICONIQ Strategic Partners TT GP, Ltd.,
a Cayman Islands exempted company
Its: General Partner

By: */s/ Greg Stanger*
Name: Greg Stanger
Title: General Partner

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

THE BAM LIVING TRUST

By: */s/ Brian S. Lee*
Name: Brian S. Lee
Title: Trustee

SCHEDULE A

LIST OF SERIES A INVESTORS

SCHEDULE B

LIST OF SERIES A-1 INVESTORS

SCHEDULE C

LIST OF SERIES B INVESTORS

SCHEDULE D

LIST OF SERIES C INVESTORS

SCHEDULE E

LIST OF SERIES D INVESTORS

SCHEDULE F

LIST OF SERIES E INVESTORS

SCHEDULE G

LIST OF SERIES F INVESTORS

THE HONEST COMPANY, INC.

AMENDED AND RESTATED

2011 STOCK INCENTIVE PLAN

THE HONEST COMPANY, INC. AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN

1. Purposes of the Plan; History. The purposes of The Honest Company, Inc. Amended and Restated 2011 Stock Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to Employees, Directors and Consultants and to promote the success of the Company's business. Awards granted under the Plan may be Incentive Stock Options or Non-Qualified Stock Options, Stock Awards, Stock Units or Stock Appreciation Rights as determined by the Administrator at the time of grant.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Acquisition" or "Change in Control" means (i) any consolidation or merger of the Company with or into any other corporation or other entity or person in which the stockholders of the Company prior to such consolidation or merger own, directly or indirectly, less than fifty percent (50%) of the continuing or surviving entity's voting power immediately after such consolidation or merger, excluding any consolidation or merger effected exclusively to change the domicile of the Company; or (ii) a sale or other disposition of all or substantially all of the stock or assets of the Company.

(b) "Administrator" means the Board or the Committee, as applicable, responsible for conducting the general administration of the Plan in accordance with Section 4 hereof; provided, that in the case of the administration of the Plan with respect to awards granted to Independent Directors, the term "Administrator" shall refer to the Board.

(c) "Affiliate" means any corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust or unincorporated organization whether now or hereafter existing, other than a Subsidiary, that the Company and/or one or more Subsidiaries has the power to direct or cause the direction of management or policies of such entity, directly or indirectly, whether through the ownership of more than fifty percent (50%) of voting securities, by contract or otherwise.

(d) "Applicable Laws" means the requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are granted under the Plan.

(e) "Award" means any award of an Option or SAR, Stock Award or Stock Unit under the Plan.

(f) "Board" means the Board of Directors of the Company.

(g) "California Participant" means a Participant whose Award was issued in reliance on Section 25102(o) of the California Corporations Code.

(h) "Cause," with respect to any Holder, means "Cause" as defined in such Holder's employment agreement with the Company if such an agreement exists and contains a definition of Cause, or, if no such agreement exists or such agreement does not contain a definition of Cause, then Cause means (i) the Holder's unauthorized use or disclosure of confidential information or trade secrets of the Company or any other material breach of a written agreement between the Holder and the Company, including without limitation a material breach of any employment or confidentiality agreement; (ii) the Holder's commission of a felony or commission of any other crime involving dishonesty or moral turpitude under the laws of the United States or any state thereof; (iii) the Holder's gross negligence or

willful misconduct or the Holder's willful or repeated failure or refusal to substantially perform assigned duties; (iv) any act of fraud, embezzlement, misappropriation or dishonesty committed by the Holder against the Company; or (v) any acts, omissions or statements by a Holder which the Company reasonably determines to be detrimental or damaging to the reputation, operations, prospects or business relations of the Company.

(i) "Code" means the Internal Revenue Code of 1986, as amended, or any successor statute or statutes thereto, including any regulations and other official guidance promulgated under any such statute. Reference to any particular section of the Code shall include any successor section.

(j) "Commencement Date" means September 1, 2011.

(k) "Committee" means a committee appointed by the Board in accordance with Section 4 hereof.

(l) "Common Stock" means the common stock of the Company, par value $0.0001 per Share.

(m) "Company" means The Honest Company, Inc., a California corporation.

(n) "Consultant" means any consultant or advisor if: (i) the consultant or advisor renders bona fide services to the Company, any Parent or any Subsidiary of the Company; (ii) the services rendered by the consultant or advisor are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (iii) the consultant or advisor is a natural person or entity that has contracted directly with the Company, any Parent or any Subsidiary of the Company to render such services.

(o) "Director" means a member of the Board.

(p) "Disability" means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. The Disability of a Participant shall be determined solely by the Administrator on the basis of such medical evidence as the Administrator deems warranted under the circumstances.

(q) "Employee" means any person, including an Officer or Director, who is an employee (as defined in accordance with Section 3401(c) of the Code) of the Company, any Parent or any Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, any Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave of absence may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. Neither service as a Director nor payment of a Director's fee by the Company shall be sufficient, by itself, to constitute "employment" by the Company.

(r) "Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto, including any rules and other official guidance promulgated under any such statute. Reference to any particular section of the Exchange Act shall include any successor section.

(s) "Fair Market Value" means, as of any date, the value of a share of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, the Fair Market Value shall be the closing price of a share of Common Stock as reported in the *Wall Street Journal* (or such other source as the Administrator may deem reliable for such purposes) for such date, or if no sale occurred on such date, the first trading date immediately prior to such date during which a sale occurred;

(ii) If the Common Stock is not traded on an exchange but is quoted on a quotation system, the Fair Market Value shall be the mean between the closing representative bid and asked prices for the Common Stock on such date, or if no sale occurred on such date, the first date immediately prior to such date on which sales prices or bid and asked prices, as applicable, are reported by such quotation system; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator using a reasonable application of a reasonable valuation method.

(t) "Holder" or "Participant" means an individual, estate or other entity that holds an Award.

(u) "Incentive Stock Option" or "ISO" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and which is designated as an Incentive Stock Option by the Administrator.

(v) "Independent Director" means a Director who is not an Employee of the Company.

(w) "Non-Qualified Stock Option" or "NSO" means an Option (or portion thereof) that is not designated as an Incentive Stock Option by the Administrator, or which is designated as an Incentive Stock Option by the Administrator but fails to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(x) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(y) "Option" means a stock option granted pursuant to the Plan.

(z) "Option Agreement" means a written agreement between the Company and a Holder evidencing the terms and conditions of an individual Option grant. All Option Agreements are subject to the terms and conditions of the Plan.

(aa) "Parent" means any corporation, whether now or hereafter existing (other than the Company), in an unbroken chain of corporations ending with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than fifty percent of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(bb) "Plan" means The Honest Company, Inc. Amended and Restated 2011 Stock Incentive Plan.

(cc) "Public Trading Date" means the first date upon which (i) Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system or (ii) the Company becomes subject to the reporting requirements of the Exchange Act.

(dd) "Re-Price" means that the Company has lowered or reduced the exercise price of outstanding Options and/or outstanding SARs for any Participant(s) in a manner described by SEC Regulation S-K Item 402(d)(2)(viii) (or as described in any successor provision(s) or definition(s)).

(ee) "Rule 16b-3" means that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

(ff) "SAR Agreement" means a written agreement between a Participant and the Company evidencing the terms and conditions of an individual Award of a Stock Appreciation Right as more fully described in Section 11.

(gg) "Securities Act" means the Securities Act of 1933, as amended, or any successor statute or statutes thereto, including any rules and other official guidance promulgated under any such statute. Reference to any particular section of the Securities Act shall include any successor section.

(hh) "Service Provider" means an Employee, Director or Consultant. The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to an individual's status as a Service Provider for purposes of the Plan and any Award agreement, including without limitation, the question of whether and when an individual ceases to be a Service Provider, whether an individual ceases to be a Service Provider where the Service Provider changes classification between Employee, Director and/or Consultant, or where there is a simultaneous reemployment or continuing employment, directorship or consultancy of such individual by the Company or any Subsidiary or Parent, and whether any particular leave of absence constitutes a termination of an individual's status as a Service Provider.

(ii) "Share" means a share of Common Stock, as may be adjusted in accordance with Section 16 hereof.

(jj) "Stock Appreciation Right" or "SAR" means a stock appreciation right awarded under the Plan.

(kk) "Stock Award" means an award of Shares under the Plan.

(ll) "Stock Award Agreement" means a written agreement between a Participant and the Company evidencing the terms and conditions of an individual Stock Award as more fully described in Section 12.

(mm) "Stock Unit" means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan.

(nn) "Stock Unit Agreement" means a written agreement between a Participant and the Company evidencing the terms and conditions of an individual Award of Stock Unit(s) as more fully described in Section 13.

(oo) "Stockholders Agreement" means any applicable agreement between the Company's stockholders and/or investors that provides certain rights and obligations for all stockholders.

(pp) "Stockholder Approval Date" means the date, if any, that the Company's Series A Preferred stockholders approve this Plan.

(qq) "Subsidiary" means any corporation, whether now or hereafter existing (other than the Company), in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than fifty percent of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(rr) "Termination Date" means the date on which a Participant ceases to be a Service Provider as determined by the Administrator.

3. Stock Subject to the Plan. Subject to the provisions of Section 16, the maximum aggregate number of Shares which may be issued under this Plan is 3,582,765 Shares. The aggregate number of Shares that may be issued pursuant to the exercise of ISOs under the Plan shall not exceed 3,582,765 Shares on a fully diluted basis, subject to adjustment pursuant to Section 16.

Shares issued under this Plan may be authorized but unissued, or reacquired Common Stock. Subject to the limitations of this Section 3, if an Award expires or becomes unexercisable without having been exercised in full, the forfeited (or repurchased) Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). Notwithstanding the provisions of this Section 3, no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an Incentive Stock Option under Section 422 of the Code.

4. Administration of the Plan.

(a) Administrator. Unless and until the Board delegates administration to a Committee as set forth below, the Plan shall be administered by the Board. The Board may delegate administration of the Plan to a Committee or Committees of one or more members of the Board, and the term "Committee" shall refer to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Notwithstanding the foregoing, however, from and after the Public Trading Date, a Committee of the Board shall administer the Plan and the Committee shall consist solely of two or more Independent Directors each of whom is both an "outside director," within the meaning of Section 162(m) of the Code, and a "non-employee director" within the meaning of Rule 16b-3, and qualifies as "independent" within the meaning of any applicable stock exchange listing requirements. Members of the Committee shall also satisfy any other legal requirements applicable to membership on the Committee, including without limitation, requirements under the Sarbanes-Oxley Act of 2002 and other Applicable Laws.

Within the scope of its authority, the Board or the Committee may (i) delegate to a committee of one or more members of the Board who are not Independent Directors the authority to grant awards under the Plan to Service Providers who are either (1) not then "covered employees," within the meaning of Section 162(m) of the Code and are not expected to be "covered employees" at the time of recognition of income resulting from such award or (2) not Service Providers with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (ii) delegate to a committee of one or more members of the Board who are not "non-employee directors," within the meaning of Rule 16b-3, the authority to grant

awards under the Plan to Service Providers who are not then subject to Section 16 of the Exchange Act. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan. The governance of the Committee shall be subject to the charter of the Committee, if any, as approved by the Board. Any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 4(a) or otherwise provided in the charter of the Committee. Notwithstanding the foregoing, the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Independent Directors.

(b) Powers of the Administrator. Subject to the provisions of the Plan and the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its sole discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may from time to time be granted hereunder;

(iii) to issue and administer Awards granted under the Plan;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder (such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may vest or be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine);

(vi) to determine whether to offer to buyout a previously granted Award and to determine the terms and conditions of such offer and buyout (including whether payment is to be made in cash or Shares) and to Re-Price outstanding Options or SARs on terms and conditions that it determines;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(viii) to allow Holders to satisfy withholding tax obligations by electing to have the Company withhold from the Award that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld based on the statutory withholding rates for federal and state tax purposes that apply to supplemental taxable income. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Holders to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(ix) to amend the Plan or any Award granted under the Plan as provided in Section 18 hereof; and

(x) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan and to exercise such powers and perform such acts as the Administrator deems necessary or desirable to promote the best interests of the Company which are not in conflict with the provisions of the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Holders and afforded the maximum deference permitted by Applicable Laws.

(d) Successor Provisions. Any reference to a statute, rule or regulation, or to a section of a statute, rule or regulation, is a reference to that statute, rule, regulation, or section as amended from time to time, and including any successor provisions.

5. Eligibility.

(a) Awards may be granted to Service Providers. Incentive Stock Options may be granted only to Employees of the Company or of a "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code.

(b) In order to assure the viability of Awards granted to Service Providers in foreign countries, the Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom. Moreover, the Administrator may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3 of the Plan.

6. Limitations.

(a) Each Option shall be designated by the Administrator in the Option Agreement as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value of Shares subject to a Holder's Incentive Stock Options and other incentive stock options granted by the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code, which become exercisable for the first time during any calendar year (under all plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code) exceeds $100,000, such excess Options or other options shall be treated as Non-Qualified Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

(b) Neither the Plan nor any Award shall confer upon a Holder any right with respect to continuing the Holder's employment, directorship or consulting relationship with the Company, nor shall they interfere in any way with the Holder's right or the Company's right to terminate such employment, directorship or consulting relationship at any time, with or without Cause.

7. Term of Plan. The Plan is effective upon the Commencement Date and shall continue in effect until it is terminated under Section 18 hereof. No Awards may be issued under the Plan after September 1, 2021.

8. Term of Option. The term of each Option shall be stated in the Option Agreement; provided, that the term shall be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to a Holder who, at the time the Option is granted, owns (or is treated as owning under Section 424 of the Code) stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code, the term of the Option shall be no more than five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued upon exercise of an Option shall not be less than 100% of the Fair Market Value on the date of grant (or, with respect to Incentive Stock Options or to the extent required to comply with Applicable Laws, in the case of an Option granted to a Service Provider who, at the time of grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code, the per share exercise price shall not be less than 110% of the Fair Market Value on the date of grant). Notwithstanding the foregoing, Options may be granted with a per share exercise price other than as required by this Section 9(a) pursuant to a merger or other corporate transaction, *provided*, that no such alternative exercise price shall be substituted to the extent that any such substitution would cause (i) any Options to constitute "nonqualified deferred compensation" within the meaning of Code Section 409A, or (ii) any Incentive Stock Options to cease to qualify as Incentive Stock Options.

(b) Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator. Such consideration may consist of (1) cash, (2) check or (3) with the consent of the Administrator, (A) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (B) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (C) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (D) property of any kind which constitutes good and valuable consideration, (E) delivery of a notice that the Holder has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Options and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, provided, that payment of such proceeds is then made to the Company upon settlement of such sale, or (F) any combination of the foregoing methods of payment. Notwithstanding any other provision of the Plan to the contrary, after the Public Trading Date, no Participant who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise or purchase price of any Award, or continue any extension of credit with respect to the exercise price of an Award, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10. Exercise of Option.

(a) Vesting; Fractional Exercises. Options granted hereunder shall become vested and exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. An Option may not be exercised for a fraction of a Share.

(b) Deliveries upon Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company or his or her office:

(i) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;

(ii) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Laws. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance, including, without limitation, placing legends on share certificates and issuing stop transfer notices to agents and registrars; and

(iii) In the event that the Option shall be exercised pursuant to Section 10(g) below by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option, as determined in the sole discretion of the Administrator.

(c) Conditions to Delivery of Share Certificates. The Company shall not be required to issue or deliver any certificate or certificates for Shares acquired under any Award prior to fulfillment of all of the following conditions:

(i) The completion of any registration or other qualification of such Shares under any state or federal law, or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Administrator shall, in its sole discretion, deem necessary or advisable;

(ii) The obtaining of any approval or other clearance from any domestic or foreign governmental agency which the Administrator shall, in its sole discretion, determine to be necessary or advisable;

(iii) The lapse of such reasonable period of time following the exercise or vesting of an Award that the Administrator may establish from time to time for reasons of administrative convenience;

(iv) The receipt by the Company of full payment for such Shares, including payment of any applicable withholding tax, which in the sole discretion of the Administrator may be in the form of consideration used by the Holder to pay for such Shares under Section 9(b) hereof, subject to Section 4(b)(viii) hereof; and

(v) The Holder’s consent to such terms and conditions and execution of any agreements as the Administrator may require pursuant to the terms herein.

(d) Termination of Relationship as a Service Provider. If a Holder ceases to be a Service Provider other than by reason of a termination by the Company for Cause or the Holder’s Disability or death, such Holder may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (taking into consideration any vesting that may occur in connection with such termination); *provided*, that prior to the Public Trading Date with respect to California Participants, such period of time shall not be less than thirty (30) days (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain

exercisable for thirty (30) days following the date of the Holder's termination other than by reason of a termination by the Company for Cause or the Holder's Disability or death. If, on the date of termination, the Holder is not vested as to his or her entire Option (taking into consideration any vesting that may occur in connection with such termination), the Shares covered by the unvested portion of the Option shall immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. If, after termination, the Holder does not exercise his or her Option within the time period specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(e) Termination for Cause. If a Holder ceases to be a Service Provider by reason of a termination by the Company for Cause, as determined in the sole discretion of the Administrator, the Option shall terminate upon the date of the Holder's termination by the Company for Cause, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

(f) Disability of Holder. If a Holder ceases to be a Service Provider as a result of the Holder's Disability, as determined in the sole discretion of the Administrator, the Holder may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (taking into consideration any vesting that may occur in connection with such termination); provided that, with respect to California Participants, prior to the Public Trading Date, such period of time shall not be less than six (6) months (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Holder's termination as a Service Provider due to Disability. In the case of an Incentive Stock Option, if such Disability is not a "permanent and total disability" as such term is defined in Section 22(e)(3) of the Code, such Incentive Stock Option shall automatically cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-Qualified Stock Option from and after the date which is three (3) months and one (1) day following the date of such termination. If, on the date of termination, the Holder is not vested as to his or her entire Option (taking into consideration any vesting that may occur in connection with such termination), the Shares covered by the unvested portion of the Option shall immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. If, after termination, the Holder does not exercise his or her Option within the timeframe specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(g) Death of Holder. If a Holder dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement to the extent that the Option is vested as of the date of death (taking into consideration any vesting that may occur in connection with such termination); *provided*, that prior to the Public Trading Date with respect to California Participants, such period of time shall not be less than six (6) months (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement), by the Holder's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death (taking into consideration any vesting that may occur in connection with such termination). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the date of the Holder's termination.

If, at the time of death, the Holder is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. The Option may be exercised by the executor or administrator of the Holder's estate or, if none, by the person(s) entitled to exercise the Option under the Holder's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(h) Extension of Exercisability. The Administrator may provide in a Holder's Option Agreement that if the exercise of the Option following the termination of the Holder's status as a Service Provider or the Holder's tender of already-owned Shares or the sale of Shares pursuant to a "cashless exercise" in connection with such exercise would violate applicable federal or state securities laws, then the Option shall not terminate until the earlier to occur of (i) the expiration of the term of the Option or (ii) the expiration of a period of three (3) months immediately following the first date on which the exercise of the Option (or such tender of already-owned Shares or sale of Shares pursuant to a "cashless exercise") would not be in violation of such securities laws, as determined by the Administrator.

(i) Early Exercisability. The Administrator may provide in the terms of a Holderts Option Agreement that the Holder may, at any time before the Holder's status as a Service Provider terminates, exercise the Option in whole or in part prior to the full vesting of the Option; provided, that subject to Section 21 hereof, Shares acquired upon exercise of an Option which has not fully vested may be subject to any forfeiture, transfer or other restrictions as the Administrator may determine in its sole discretion.

11. Terms and Conditions for Stock Appreciation Rights.

(a) SAR Agreement. Each grant of a SAR shall be evidenced by a SAR Agreement between the Participant and the Company which (i) shall be subject to all applicable terms and conditions of the Plan and (ii) may include other terms and conditions the Administrator deems appropriate which are not inconsistent with the Plan. A SAR Agreement may provide for a maximum limit on the amount of any payout notwithstanding the Fair Market Value of a Share on the date of exercise. The provisions of the various SAR Agreements need not be identical. SARs may be granted in consideration of a reduction in the Participant's other compensation.

(b) Number of Shares. Each SAR Agreement shall specify the number of Shares to which the SAR pertains. Such number shall be subject to adjustment in accordance with Section 16.

(c) Exercise Price. Each SAR Agreement shall specify the exercise price. A SAR Agreement may specify an exercise price that varies in accordance with a predetermined formula while the SAR is outstanding. Except with respect to outstanding stock appreciation rights being assumed or SARs being granted in exchange for cancellation of stock appreciation rights granted by another issuer as provided under Section 11(f), the exercise price of a SAR shall not be less than 100% of the Fair Market Value on the date of grant.

(d) Exercisability and Term. Each SAR Agreement shall specify the date all or any installment of the SAR will be exercisable and the term of the SAR which shall not exceed ten (10) years from the grant thereof. A SAR Agreement may provide (i) that a SAR will be exercisable only in the event of a Change in Control, (ii) accelerated exercisability of the SAR in the event of the Participant's death, Disability or other events, and/or (iii) expiration prior to the end of its term in the event the Participant's status as a Service Provider is terminated. SARs may be awarded in combination with Options or other Awards, and any such Award may require the forfeiture of related Options or other Awards in order to exercise the SAR. A SAR may be included in (i) an ISO only at the time the Award is granted or (ii) an NSO at the time the Award is granted or at any time thereafter, provided that, such inclusion occurs no later than six (6) months prior to the expiration of the term of such NSO.

(e) Exercise of SARs. If, on the date when a SAR expires, the exercise price under such SAR is less than the Fair Market Value on such date but any portion of such SAR has not been exercised or surrendered, then such SAR may automatically be deemed to be exercised as of such date with respect to such portion to the extent so provided in the applicable SAR Agreement. Upon exercise of a SAR, the Participant (or any person having the right to exercise the SAR after Participant's death) shall receive from the Company (i) Shares, (ii) cash or (iii) any combination of Shares and cash, as the Administrator shall determine. The amount of cash and/or the Fair Market Value of Shares received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the Shares subject to the SARs exceeds the exercise price of the Shares.

(f) Modification and Assumption of SARs. Within the limitations of the Plan, the Administrator may modify, extend or assume outstanding stock appreciation rights or may accept the cancellation of outstanding stock appreciation rights (including stock appreciation rights granted by another issuer) in return for the grant of new SARs for the same or a different number of Shares and at the same or a different exercise price. No modification of a SAR shall, without the consent of the Participant, alter or impair his or her rights or obligations under the applicable SAR Agreement.

(g) Assignment or Transfer of SARs. Except as otherwise provided in the applicable SAR Agreement and then only to the extent permitted by Applicable Laws, no SAR or interest therein may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner by the Participant other than by will or by the laws of descent and distribution. Except as otherwise provided in the applicable SAR Agreement, a SAR may be exercised during the lifetime of the Participant, only by the Participant or in the event of the death or Disability, by the guardian or legal representative of the Participant. No SAR or interest therein may be made subject to execution, attachment or similar process.

12. Terms and Conditions for Stock Awards.

(a) Stock Award Agreement. Each Stock Award shall be evidenced by a Stock Award Agreement between the Participant and the Company which (i) shall be subject to all applicable terms and conditions of the Plan and (ii) may include other terms and conditions the Administrator deems appropriate which are not inconsistent with the Plan. The provisions of the various Stock Awards Agreements entered into under the Plan need not be identical.

(b) Payment for Stock Award. Stock Awards may be issued with or without consideration under the Plan. If and to the extent required, such consideration may be in the form of cash or other forms of consideration approved by the Administrator.

(c) Vesting Conditions. Each Stock Award shall become vested, in full or in installments, upon satisfaction of the conditions specified in the Stock Award Agreement. A Stock Award Agreement may provide for accelerated vesting in the event of the Participant's death, Disability, retirement or other events.

(d) Assignment or Transfer of Stock Award. Except as provided in a Stock Award Agreement or as required by Applicable Laws, Stock Awards shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 12(d) shall be void. However, this Section 12(d) shall neither preclude a Participant from designating a beneficiary who will receive any outstanding Stock Award in the event of the Participant's death, nor preclude a transfer of a Stock Award by will or by the laws of descent and distribution.

(e) Trusts. Neither this Section 12 nor any other provision of the Plan shall preclude a Participant from transferring or assigning a Stock Award to (a) the trustee of a trust, provided that, such transfer or assignment is fully revocable by the Participant acting alone at any time prior to such Participant's death, or (b) the trustee of any other trust to the extent the Administrator provides its prior written consent. The Stock Award held by any such trustee (i) shall be subject to all of the conditions and restrictions set forth in the Plan and in the applicable Stock Award Agreement, as if such trustee was the Participant and (ii) may be transferred or assigned to any person other than the Participant to the extent the Administrator provides its prior written consent.

(f) Voting and Dividend Rights. Holders of a Stock Award (irrespective of whether the Shares subject to the Stock Award are vested or unvested) shall have the same voting, dividend and other rights as the Company's other stockholders. However, a Stock Award Agreement may require that the Holders of a Stock Award invest any cash dividends the Holder receives pursuant to a Stock Award in additional Shares. Such additional Shares shall be subject to the same conditions and restrictions as the Stock Award with respect to which the dividends were paid. Such additional Shares shall not reduce the number of Shares available under Section 3.

(g) Modification or Assumption of Stock Awards. Within the limitations of the Plan, the Administrator may modify or assume outstanding stock awards or may accept the cancellation of outstanding stock awards (including stock granted by another issuer) in return for the grant of new Stock Awards for the same or a different number of Shares. No modification of a Stock Award shall, without the consent of the Participant, alter or impair his or her rights or obligations under such Stock Award.

13. Terms and Conditions for Stock Units.

(a) Stock Unit Agreement. Each grant of Stock Units under the Plan shall be evidenced by a Stock Unit Agreement between the Participant and the Company. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan and that the Administrator deems appropriate for inclusion in a Stock Unit Agreement. The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical. Stock Units may be granted in consideration of a reduction in the Participant's other compensation.

(b) Number of Shares. Each Stock Unit Agreement shall specify the number of Shares to which the Stock Unit Award pertains and is subject to adjustment of such number in accordance with Section 16.

(c) Payment for Awards. To the extent that an Award is granted in the form of Stock Units, no consideration shall be required of the Award recipients.

(d) Vesting Conditions. Each Award of Stock Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Stock Unit Agreement. A Stock Unit Agreement may provide for accelerated vesting in the event of the Participant's death, or Disability or other events.

(e) Voting and Dividend Rights. Stock Units shall have no voting rights. At the Administrator's discretion and based on terms and conditions established by the Administrator, a Stock Unit may include a right to receive dividend equivalents prior to settlement or forfeiture which entitles the Holder to be credited with an amount equal to all cash dividends paid on one Share per Stock Unit while the Stock Unit is outstanding. At the Administrator's discretion, dividend equivalents may be converted into additional Stock Units. At the Administrator's discretion, settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both.

(f) Form and Time of Settlement of Stock Units. Settlement of vested Stock Units may be made in the form of cash, Shares or any combination of both, as determined by the Administrator. The actual number of Stock Units eligible for settlement may be larger or smaller than the number included in the original Award. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. Vested Stock Units shall generally be settled in a lump sum as soon as reasonably practicable, but no later than thirty (30) days, after vesting. The distribution may occur or commence when all vesting conditions applicable to the Stock Units have been satisfied or have lapsed. However, this distribution may be deferred, in accordance with Applicable Laws including but not limited to Code Section 409A, to a later specified date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Section 16.

(g) Creditors' Rights. A Holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

(h) Modification or Assumption of Stock Units. Within the limitations of the Plan, the Administrator may modify or assume outstanding stock units or may accept the cancellation of outstanding stock units (including stock units granted by another issuer) in return for the grant of new Stock Units for the same or a different number of Shares. No modification of a Stock Unit shall, without the consent of the Participant, alter or impair his or her rights or obligations under the applicable Stock Unit Agreement.

(i) Assignment or Transfer of Stock Units. Except as provided in a Stock Unit Agreement, or as required by Applicable Laws, Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 13(i) shall be void. However, this Section 13(i) shall not preclude a Participant from designating a beneficiary who will receive any outstanding vested Stock Units in the event of the Participant's death, nor shall it preclude a transfer of vested Stock Units by will or by the laws of descent and distribution.

14. Non-Transferability of Awards. Except as otherwise provided in the applicable Award Agreement and then only to the extent permitted by the Administrator and in accordance with Applicable Laws, Awards may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Holder, only by the Holder.

15. No Rights as Stockholders. Holders shall not be, nor have any of the rights or privileges of, stockholders of the Company in respect of any shares provided under an Award unless and until certificates representing such shares have been issued by the Company to such Holders.

16. Adjustments upon Changes in Capitalization, Merger or Asset Sale.

(a) In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the

Company, or exchange or other disposition of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event affects the Common Stock such that an adjustment becomes appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award, then the Administrator shall make adjustments to the Plan and any Award, including without limitation, equitable and proportionate adjustment to:

(i) the number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 3 hereof on the maximum number and kind of shares which may be issued under this Plan and as ISOs);

(ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards;

(iii) the grant or exercise price with respect to any Option or SAR; and

(iv) the number and kind of outstanding securities issued under the Plan.

(b) In the event of any transaction or event described in subsection (a) above, the Administrator, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Holder's request, shall take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan or to facilitate such transaction or event:

(i) To provide for either (A) the purchase of all or any portion of such Award for an amount of cash equal to the amount that could have been obtained upon the exercise or conversion of such Award (or portion thereof) or realization of the Holder's rights had such Award (or portion thereof) been currently exercisable or payable or fully vested or (B) the replacement of such Award (or portion thereof) with other awards, rights or property, including without limitation cash awards, selected by the Administrator in its sole discretion, which replacement awards may be subject to vesting or the lapsing of restrictions, as applicable, on terms no less favorable to the affected Holder than the terms of any Award for which such replacement award is substituted;

(ii) To provide that such Award shall be exercisable as to all or any portion of the shares covered thereby and that some or all shares of such Award shall cease to be subject to restrictions, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(iii) To provide that all or any portion of such Award be assumed by the successor or survivor corporation or entity, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation or entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iv) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards which may be granted in the future; and

(v) To provide that immediately upon the consummation of such event, such Award shall not be exercisable and shall terminate; provided, that for a period of time prior to such event specified in the sole discretion of the Administrator, such Award shall be exercisable as to all Shares covered thereby, and the restrictions imposed under an Award Agreement upon some or all Shares may be terminated and, some or all shares of such Award may cease to be subject to repurchase, notwithstanding anything to the contrary in the Plan or the provisions of such Award Agreement.

(c) Subject to Section 3 hereof, the Administrator may, in its sole discretion, include such further provisions and limitations in any Award as it may deem equitable and in the best interests of the Company.

(d) If the Company undergoes an Acquisition, then any surviving corporation or entity or acquiring corporation or entity, or affiliate of such corporation or entity, may assume any Awards outstanding under the Plan or may substitute similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection (d)) for those outstanding under the Plan. In the event any surviving corporation or entity or acquiring corporation or entity in an Acquisition, or affiliate of such corporation or entity, does not assume such Awards and does not substitute similar stock awards for those outstanding under the Plan, then with respect to (i) Awards held by participants in the Plan whose status as a Service Provider has not terminated prior to such event, the vesting of such Awards (and, if applicable, the time during which such awards may be exercised) shall be accelerated and made fully exercisable and all restrictions thereon shall lapse not later than immediately prior to the closing of the Acquisition (and the Awards shall be terminated if not exercised prior to the closing of such Acquisition), and (ii) any other Awards outstanding under the Plan, such Awards shall be terminated if not exercised prior to the closing of the Acquisition.

(e) The existence of the Plan, any Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

17. Time of Granting Awards. The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award, or such other date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Award is so granted within a reasonable time after the date of such grant.

18. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time wholly or partially amend, alter, suspend or terminate the Plan. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Board, no action of the Board may, except as provided in Section 16 hereof, increase the limits imposed in Section 3 hereof on the maximum number of Shares which may be issued under the Plan or extend the term of the Plan under Section 7 hereof.

(b) Stockholder Approval. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Holder, unless mutually agreed otherwise between the Holder and the Administrator, which agreement must be in writing and signed by the Holder and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted or awarded under the Plan prior to the date of such termination.

19. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

20. Reservation of Shares. The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

21. Repurchase Provisions. The Administrator in its sole discretion may provide that the Company may repurchase Shares acquired from an Award upon the occurrence of certain specified events, including, without limitation, a Holder's termination as a Service Provider, divorce, bankruptcy or insolvency.

22. Participant Representations. The Company may require a Plan participant, as a condition to the grant or exercise of, or acquisition of Shares under, any Award, (i) to give written representations 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 to give written representations satisfactory to the Company that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of the Award; (ii) to give written representations satisfactory to the Company stating that the Participant is acquiring the Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the stock; and (iii) to give such other written representations as are deemed necessary or appropriate by the Company and its counsel. The foregoing requirements, and any representations given pursuant to such requirements, shall be inoperative if (A) the issuance of the shares upon the exercise or acquisition of stock under the applicable 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 stock.

23. Code Section 409A. To the extent applicable, the Plan and all award agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance, the Administrator may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance. If upon a

Participant's "separation from service" within the meaning of Code Section 409A, he/she is then a "specified employee" (as defined in Code Section 409A), then solely to the extent necessary to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A, the Company shall defer payment of "nonqualified deferred compensation" subject to Code Section 409A payable as a result of and within six (6) months following such separation from service under this Plan until the earlier of (i) the first business day of the seventh month following the Participant's separation from service, or (ii) ten (10) days after the Company receives written confirmation of the Participant's death. Any such delayed payments shall be made without interest.

24. Governing Law. The validity and enforceability of this Plan shall be governed by and construed in accordance with the laws of the State of California without regard to otherwise governing principles of conflicts of law.

25. Restrictions on Shares. Shares acquired under an Award shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, transferability restrictions, repurchase rights, requirements that Shares be transferred in the event of certain transactions, rights of first refusal with respect to permitted transfers of Shares, voting agreements, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the applicable award agreement, exercise notice or in such other agreement as the Administrator shall determine, in each case in a form determined by the Administrator in its sole discretion. The issuance of such Shares shall be conditioned on the Holder's consent to such terms and conditions or the Holder's entering into such agreement or agreements.

26. Lock-Up Agreement. Each Holder shall agree, if so requested by the Company and an underwriter of shares of Common Stock in connection with any public offering of the Company, not to directly or indirectly offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any shares held by it for such period, not to exceed one hundred eighty (180) days following the effective date of the relevant registration statement filed under the Securities Act in connection with the Company's initial public offering of Common Stock or ninety (90) days following the effective date of the relevant registration statement filed under the Securities Act in connection with any other public offering of Common Stock, in each case as such underwriter shall specify reasonably and in good faith. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such 180-day period.

27. Severability. If any provision of this Plan shall be held to be illegal, invalid or unenforceable under any applicable law, then such contravention or invalidity shall not invalidate the entire Plan and the remainder of the provisions shall remain in full force and effect and in no way shall be affected, impaired or invalidated. Such defective provision shall be deemed to be modified to the extent necessary to render it legal, valid and enforceable, and if no such modification shall render it legal, valid and enforceable, then this Plan shall be construed as if not containing the provision held to be invalid.

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THE HONEST COMPANY, INC.

AMENDMENTS THROUGH JANUARY 22, 2018

TO

AMENDED AND RESTATED

2011 STOCK INCENTIVE PLAN

The Board of Directors (the "Board") of The Honest Company, Inc. (the "Company") approved to amend Section 3 of the Company's Amended and Restated 2011 Stock Incentive Plan (the "Plan") to increase the authorized number of shares of Common Stock reserved for issuance under the Plan as follows:

- on November 18, 2014, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 4,332,765 Shares;
- on February 13, 2015, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 5,082,765 Shares;
- on March 24, 2015, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 6,432,765 Shares; and
- on July 31, 2015, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 7,152,765 Shares.
- on February 26, 2016, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 7,268,460 Shares.
- on March 28, 2016, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 7,451,727 Shares.
- on April 29, 2016, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 8,086,727 Shares.
- on March 13, 2017, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 8,767,074 Shares.
- on August 1, 2017, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 9,267,074 Shares.
- on January 22, 2018, the Board approved an increase to the maximum aggregate number of Shares which may be issued under the Plan to 12,603,685 Shares.

EXHIBIT A

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

EXERCISE NOTICE

The Honest Company, Inc.
Attention: Stock Administration

1. Exercise of Option. Effective as of today, , the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of The Honest Company, Inc. (the "Company") under and pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan") and the Stock Option Agreement dated _____ (the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant:

Number of Shares Exercised: _____

Exercise Price per Share: $[_____]

Total Exercise Price: $[_____]

Certificate to be issued in name of: _____

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

2. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate within a reasonable time after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 16 of the Plan. Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal, Call Right or Drag-Along Right hereunder (each as defined below). Upon such disposal or exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Optionee's Rights to Transfer Shares.

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (including transfer by gift or operation of law and, collectively, "Transfer" or "Transferred"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(i) *Notice of Proposed Transfer*. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(ii) *Exercise of Right of First Refusal*. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with paragraph (iii) below.

(iii) *Purchase Price*. The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith.

(iv) *Payment*. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's Immediate Family (as defined below) or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon the date of the initial sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (an "Initial Public Offering").

5. Company Call Right.

(a) If Optionee ceases to be a Service Provider for any reason, the Company shall have the right (but not the obligation) to purchase from Optionee, or Optionee's personal representative, as the case may be, any or all of the Shares then owned by the Optionee (and any or all Shares acquired upon exercise of the Option after the date on which the Optionee ceases to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which the Optionee ceases to be a Service Provider (the "Call Right").

(b) The Company may exercise the Call Right by delivering personally or by registered mail to Optionee (or his or her transferee or legal representative, as the case may be), within ninety (90) days after the date on which Optionee ceases to be a Service Provider (or, in the case of Shares which are acquired after the date on which Optionee ceases to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

(c) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Optionee stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided in Subsection (b) above, the Call Right shall terminate.

(e) The Call Right shall terminate as to all Shares upon the date of an Initial Public Offering.

6. Drag-Along Sales.

(a) Notwithstanding any other provision of this Agreement, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), Optionee shall be required, as the case may be (x) to sell to such Third Party a number of shares of Common Stock owned by Optionee, if any, equal to the number of shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding shares of the Company's Common Stock, Optionee shall be required to sell that percentage of his or her shares of Common Stock equal to the percentage of shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by Optionee in favor of such Acquisition Proposal and take all other necessary or desirable actions within Optionee's control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such

Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of Optionee under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to Optionee.

(b) Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide Optionee with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase Optionee's shares of Common Stock in accordance with the terms hereof.

(c) On the Drag-Along Sale Date, the Optionee, if a participant in the applicable Drag-Along Sale, (a) authorizes the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of Optionee's shares of Common Stock included in such Drag-Along Sale which are not represented by one or more certificates, from Optionee to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent shares of Common Stock owned by Optionee included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such shares of Common Stock. In addition, the Optionee, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all shares of Common Stock owned by Optionee included in such Drag-Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

(d) Optionee shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

(e) The provisions of this Section 6 shall terminate as to all shares of Common Stock owned by Optionee upon the date of an Initial Public Offering.

7. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

8. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the

Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

9. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially similar thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND SUCH LAWS OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

10. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

11. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

12. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

13. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

14. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

15. Delivery of Payment. Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

16. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
THE HONEST COMPANY, INC.	**OPTIONEE**
By: _____	By: _____
Name:	Name:
Title:	Title:
	Address:
Date: _____	Date: _____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE :

COMPANY : THE HONEST COMPANY, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of The Honest Company, Inc. (the "Company"), the undersigned (the "Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than (6) six months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Optionee understands and acknowledges that the Company will rely upon the accuracy and truth of the foregoing representations and Optionee hereby consents to such reliance.

Signature of Optionee: _____

Date: _____

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan"), The Honest Company, Inc. (the "Company") hereby grants to the Optionee listed below ("Optionee"), an option (the "Option") to purchase the number of shares of the Company's Common Stock set forth below (the "Shares"), subject to the terms and conditions of the Plan and this Stock Option Agreement. All capitalized terms used in this Stock Option Agreement without definition shall have the meanings ascribed to such terms in the Plan.

I. NOTICE OF STOCK OPTION GRANT

Optionee:

Date of Grant:

First Vest Date:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date: 10 years from Date of Grant

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to the termination provisions of this Stock Option Agreement and the Plan, the options granted herein shall vest 25% on the First Vest Date set forth above (the "First Vest Date") and then the remaining 75% shall vest in equal monthly installments over the next thirty-six (36) months following the First Vest Date. In the event the Optionee's employment is terminated, the vesting shall cease and the unvested options shall terminate.

Termination Period: Except in the event of a termination of Optionee's service by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee's service with the Company is terminated by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

II. AGREEMENT

1. Grant of Option. The Company hereby grants to Optionee an Option to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"). Notwithstanding anything to the contrary anywhere else in this Stock Option Agreement, the Option is subject to the terms, definitions and provisions of the Plan adopted by the Company, which is incorporated herein by reference.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code; *provided*, that to the extent that the aggregate Fair Market Value of stock with respect to which incentive stock options (within the meaning of Code Section 422, but without regard to Code Section 422(d)), including this Option, become exercisable for the first time by Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code) exceeds $100,000, such options shall not be treated as qualifying under Code Section 422, but rather shall be treated as Non-Qualified Stock Options to the extent required by Code Section 422. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For purposes of these rules, the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted.

2. Exercise of Option. This Option is exercisable as follows:

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Stock Option Agreement, Shares subject to this Option shall vest based on Optionee's continued status as a Service Provider.

(ii) This Option may not be exercised for a fraction of a Share.

(iii) In the event of Optionee's death, disability or other termination of Optionee's status as a Service Provider, the exercisability of the Option shall be governed by Sections 7, 8, 9 and 10 below.

(iv) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.

(b) Method of Exercise. This Option shall be exercisable by written notice (substantially in the form attached hereto as Exhibit A). Such notice must state the number of Shares for which the Option is being exercised and contain such other representations and agreements with respect to such Shares as may be required by the Company pursuant to the

provisions of the Plan. The notice must be signed by Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The notice must be accompanied by payment of the Exercise Price plus payment of any applicable withholding tax. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price and payment of any applicable withholding tax.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and such exercise comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act or any applicable state laws at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

4. Lock-Up Period. Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

5. Method of Payment. Payment of the Exercise Price shall be by (a) cash, (b) check or (c) with the consent of the Administrator, (i) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (ii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (iv) property of any kind which constitutes good and valuable consideration, (v) delivery of a notice that Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (vi) any combination of the foregoing methods of payment.

6. Restrictions on Exercise. This Option may not be exercised until the Plan has been approved by the stockholders of the Company. If the issuance of Shares upon such exercise or if the method of payment for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, then the Option may also not be exercised. The Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation before allowing the Option to be exercised.

7. Termination of Relationship. If Optionee ceases to be a Service Provider (other than by reason of a termination by the Company for Cause or Optionee's death or the total and permanent disability of Optionee as defined in Code Section 22(e)(3)), to the extent vested as of the date on which Optionee ceases to be a Service Provider (taking into account any vesting that may occur in connection with such termination), the Option shall remain exercisable for a period of 90 days immediately following such date of termination (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise the Option within the time specified herein, the Option shall terminate.

8. Termination for Cause. If Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate as of the start of business on the date of Optionee's termination, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

9. Disability of Optionee. If Optionee ceases to be a Service Provider as a result of his or her total and permanent disability as defined in Code Section 22(e)(3), the Option, to the extent vested as of the date on which Optionee ceases to be a Service Provider, shall remain exercisable for twelve (12) months from such date (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise such Option within the time specified herein, the Option shall terminate.

10. Death of Optionee. If Optionee ceases to be a Service Provider as a result of Optionee's death, the Option, to the extent vested as of the date of death, shall remain exercisable for twelve (12) months following the date of death (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. To the extent that the Option is not vested as of the date of death, or if the Option is not exercised within the time specified herein, the Option shall terminate.

11. Non-Transferability of Option. This Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. It may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

12. Term of Option. This Option may be exercised only within the term set forth in the Notice of Grant.

13. Restrictions on Shares. Optionee hereby agrees that Shares purchased upon the exercise of the Option shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, a right of first refusal in favor of the Company with respect to permitted transfers of Shares, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the Exercise Notice with respect to the Option or in such other agreement as the Administrator shall determine and which Optionee hereby agrees to enter into at the request of the Company.

14. Code Section 409A. Without limiting the generality of any other provision of this Agreement, Section 23 of the Plan pertaining to Code Section 409A is hereby explicitly incorporated into this Agreement.

15. No Right to Employment. Nothing in the Plan or in this Stock Option Agreement shall confer upon Optionee any right to continue as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, or shall interfere with or restrict in any way the rights of the Company or any Parent or Subsidiary, which are hereby expressly reserved, to discharge Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment agreement between Optionee and the Company or any Parent or Subsidiary.

(Signature Page Follows)

This Stock Option Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one document.

THE HONEST COMPANY, INC.

By: _____
Name: Nicole Miller
Title: Senior Vice President & General Counsel

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS STOCK OPTION AGREEMENT, NOR IN THE COMPANY'S 2011 STOCK INCENTIVE PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION AS A SERVICE PROVIDER OF THE COMPANY OR ANY PARENT OR SUBSIDIARY, NOR SHALL IT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT PRIOR NOTICE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof. Optionee hereby accepts this Option subject to all of the terms and provisions hereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: _____

By: _____
Name:

EXHIBIT A

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

EXERCISE NOTICE

The Honest Company, Inc.
Attention: Stock Administration

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of The Honest Company, Inc. (the "Company") under and pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan") and the Stock Option Agreement dated _____ (the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant:	
Number of Shares Exercised:	_____
Exercise Price per Share:	$[_____]
Total Exercise Price:	$[_____]
Certificate to be issued in name of:	_____

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

2. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate within a reasonable time after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 16 of the Plan. Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal, Call Right or Drag-Along Right hereunder (each as defined below). Upon such disposal or exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Optionee's Rights to Transfer Shares.

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (including transfer by gift or operation of law and, collectively, "Transfer" or "Transferred"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(i) *Notice of Proposed Transfer*. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(ii) *Exercise of Right of First Refusal*. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with paragraph (iii) below.

(iii) *Purchase Price*. The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith.

(iv) *Payment*. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's Immediate Family (as defined below) or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon the date of the initial sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (an "Initial Public Offering").

5. Company Call Right.

(a) If Optionee ceases to be a Service Provider for any reason, the Company shall have the right (but not the obligation) to purchase from Optionee, or Optionee's personal representative, as the case may be, any or all of the Shares then owned by the Optionee (and any or all Shares acquired upon exercise of the Option after the date on which the Optionee ceases to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which the Optionee ceases to be a Service Provider (the "Call Right").

(b) The Company may exercise the Call Right by delivering personally or by registered mail to Optionee (or his or her transferee or legal representative, as the case may be), within ninety (90) days after the date on which Optionee ceases to be a Service Provider (or, in the case of Shares which are acquired after the date on which Optionee ceases to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

(c) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Optionee stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided in Subsection (b) above, the Call Right shall terminate.

(e) The Call Right shall terminate as to all Shares upon the date of an Initial Public Offering.

6. Drag-Along Sales.

(a) Notwithstanding any other provision of this Agreement, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), Optionee shall be required, as the case may be (x) to sell to such Third Party a number of shares of Common Stock owned by Optionee, if any, equal to the number of shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding shares of the Company's Common Stock, Optionee shall be required to sell that percentage of his or her shares of Common Stock equal to the percentage of shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by Optionee in favor of such Acquisition Proposal and take all other necessary or desirable actions within Optionee's control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of Optionee under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to Optionee.

(b) Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide Optionee with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase Optionee's shares of Common Stock in accordance with the terms hereof.

(c) On the Drag-Along Sale Date, the Optionee, if a participant in the applicable Drag-Along Sale, (a) authorizes the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of Optionee's shares of Common Stock included in such Drag-Along Sale which are not represented by one or more certificates, from Optionee to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent shares of Common Stock owned by Optionee included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the

manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such shares of Common Stock. In addition, the Optionee, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all shares of Common Stock owned by Optionee included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

(d) Optionee shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

(e) The provisions of this Section 6 shall terminate as to all shares of Common Stock owned by Optionee upon the date of an Initial Public Offering.

7. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

8. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

9. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially similar thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE

TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND SUCH LAWS OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

10. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

11. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

12. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

13. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

14. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

15. Delivery of Payment. Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

16. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
THE HONEST COMPANY, INC.	**OPTIONEE**
By: _____	By: _____
Name:	Name:
Title:	Address:
Date: _____	Date: _____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE :

COMPANY : THE HONEST COMPANY, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of The Honest Company, Inc. (the "Company"), the undersigned (the "Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the

conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than (6) six months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Optionee understands and acknowledges that the Company will rely upon the accuracy and truth of the foregoing representations and Optionee hereby consents to such reliance.

Signature of Optionee:

_____

Date: _____

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan"), The Honest Company, Inc. (the "Company") hereby grants to the Optionee listed below ("Optionee"), an option (the "Option") to purchase the number of shares of the Company's Common Stock set forth below (the "Shares"), subject to the terms and conditions of the Plan and this Stock Option Agreement. All capitalized terms used in this Stock Option Agreement without definition shall have the meanings ascribed to such terms in the Plan.

I. NOTICE OF STOCK OPTION GRANT

Optionee:

Date of Grant:

First Vest Date:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date: 10 years from Date of Grant

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

[USE THIS LANGUAGE FOR SERVICE TERM LESS THAN ONE YEAR:]

Subject to the termination provisions of this Stock Option Agreement and the Plan, [_____][1] of the options granted herein shall vest on the First Vest Date set forth above (the "First Vest Date") and then monthly thereafter at the rate of 1/48th of the Total Number of Shares Granted over the next [_____][2] following the First Vest Date. Except as set forth in this Stock Option Agreement, in the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate.

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1 A number of shares equal to the product of 1/48th of the Total Number of Shares Granted times the number of full calendar months between Optionee's start date and the Date of Grant.

2 A number of months equal to the value of 48 months minus the number of full calendar months between Optionee's start date and the Date of Grant.

[USE THIS LANGUAGE FOR SERVICE TERM OF MORE THAN ONE YEAR:]

Subject to the termination provisions of this Stock Option Agreement and the Plan, the options granted herein shall begin vesting monthly at the rate of 1/48th of the option shares on the First Vest Date set forth above (the "First Vest Date") and over the next forty seven (47) months following the First Vest Date. In the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate.

Termination Period:	Except in the event of a termination of Optionee as a Service Provider by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

II. AGREEMENT

1. Grant of Option. The Company hereby grants to Optionee an Option to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"). Notwithstanding anything to the contrary anywhere else in this Stock Option Agreement, the Option is subject to the terms, definitions and provisions of the Plan adopted by the Company, which is incorporated herein by reference.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code; *provided*, that to the extent that the aggregate Fair Market Value of stock with respect to which incentive stock options (within the meaning of Code Section 422, but without regard to Code Section 422(d)), including this Option, become exercisable for the first time by Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code) exceeds $100,000, such options shall not be treated as qualifying under Code Section 422, but rather shall be treated as Non-Qualified Stock Options to the extent required by Code Section 422. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For purposes of these rules, the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted.

2. Exercise of Option. This Option is exercisable as follows:

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Stock Option Agreement, Shares subject to this Option shall vest based on Optionee's continued status as a Service Provider.

(ii) This Option may not be exercised for a fraction of a Share.

(iii) In the event of Optionee's death, disability or other termination of Optionee's status as a Service Provider, the exercisability of the Option shall be governed by Sections 7, 8, 9 and 10 below.

(iv) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.

(b) Method of Exercise. This Option shall be exercisable by written notice (substantially in the form attached hereto as Exhibit A). Such notice must state the number of Shares for which the Option is being exercised and contain such other representations and agreements with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. The notice must be signed by Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The notice must be accompanied by payment of the Exercise Price plus payment of any applicable withholding tax. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price and payment of any applicable withholding tax.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and such exercise comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act or any applicable state laws at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

4. Lock-Up Period. Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the

effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

5. Method of Payment. Payment of the Exercise Price shall be by (a) cash, (b) check or (c) with the consent of the Administrator, (i) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (ii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (iv) property of any kind which constitutes good and valuable consideration, (v) delivery of a notice that Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (vi) any combination of the foregoing methods of payment.

6. Restrictions on Exercise. This Option may not be exercised until the Plan has been approved by the stockholders of the Company. If the issuance of Shares upon such exercise or if the method of payment for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, then the Option may also not be exercised. The Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation before allowing the Option to be exercised.

7. Termination of Relationship. If Optionee ceases to be a Service Provider (other than by reason of a termination by the Company for Cause or Optionee's death or the total and permanent disability of Optionee as defined in Code Section 22(e)(3)), to the extent vested as of the date on which Optionee ceases to be a Service Provider (taking into account any vesting that may occur in connection with such termination), the Option shall remain exercisable for a period of 90 days immediately following such date of termination (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise the Option within the time specified herein, the Option shall terminate.

8. Termination for Cause. If Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate as of the start of business on the date of Optionee's termination, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

9. Disability of Optionee. If Optionee ceases to be a Service Provider as a result of his or her total and permanent disability as defined in Code Section 22(e)(3), the Option, to the extent vested as of the date on which Optionee ceases to be a Service Provider, shall remain exercisable for twelve (12) months from such date (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise such Option within the time specified herein, the Option shall terminate.

10. Death of Optionee. If Optionee ceases to be a Service Provider as a result of Optionee's death, the Option, to the extent vested as of the date of death, shall remain exercisable for twelve (12) months following the date of death (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. To the extent that the Option is not vested as of the date of death, or if the Option is not exercised within the time specified herein, the Option shall terminate.

11. Non-Transferability of Option. This Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. It may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

12. Term of Option. This Option may be exercised only within the term set forth in the Notice of Grant.

13. Restrictions on Shares. Optionee hereby agrees that Shares purchased upon the exercise of the Option shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, a right of first refusal in favor of the Company with respect to permitted transfers of Shares, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the Exercise Notice with respect to the Option or in such other agreement as the Administrator shall determine and which Optionee hereby agrees to enter into at the request of the Company.

14. Code Section 409A. Without limiting the generality of any other provision of this Agreement, Section 23 of the Plan pertaining to Code Section 409A is hereby explicitly incorporated into this Agreement.

15. No Right to Employment. Nothing in the Plan or in this Stock Option Agreement shall confer upon Optionee any right to continue as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, or shall interfere with or restrict in any way the rights of the Company or any Parent or Subsidiary, which are hereby expressly reserved, to discharge Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment agreement between Optionee and the Company or any Parent or Subsidiary.

(Signature Page Follows)

This Stock Option Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one document.

THE HONEST COMPANY, INC.

By: _____
Name: Craig Gatarz
Title: Executive Vice President & General Counsel

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS STOCK OPTION AGREEMENT, NOR IN THE COMPANY'S 2011 STOCK INCENTIVE PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION AS A SERVICE PROVIDER OF THE COMPANY OR ANY PARENT OR SUBSIDIARY, NOR SHALL IT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT PRIOR NOTICE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof. Optionee hereby accepts this Option subject to all of the terms and provisions hereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: _____

By: _____
Name:

EXHIBIT A

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

EXERCISE NOTICE

The Honest Company, Inc.
Attention: Stock Administration

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of The Honest Company, Inc. (the "Company") under and pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan") and the Stock Option Agreement dated _____ (the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant:

Number of Shares Exercised: _____

Exercise Price per Share: $[_____]

Total Exercise Price: $[_____]

Certificate to be issued in name of: _____

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

2. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate within a reasonable time after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 16 of the Plan. Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal, Call Right or Drag-Along Right hereunder (each as defined below). Upon such disposal or exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Optionee's Rights to Transfer Shares.

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (including transfer by gift or operation of law and, collectively, "Transfer" or "Transferred"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(i) *Notice of Proposed Transfer*. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(ii) *Exercise of Right of First Refusal*. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with paragraph (iii) below.

(iii) *Purchase Price*. The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith.

(iv) *Payment*. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's Immediate Family (as defined below) or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon the date of the initial sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (an "Initial Public Offering").

5. Company Call Right.

(a) If Optionee ceases to be a Service Provider for any reason, the Company shall have the right (but not the obligation) to purchase from Optionee, or Optionee's personal representative, as the case may be, any or all of the Shares then owned by the Optionee (and any or all Shares acquired upon exercise of the Option after the date on which the Optionee ceases to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which the Optionee ceases to be a Service Provider (the "Call Right").

(b) The Company may exercise the Call Right by delivering personally or by registered mail to Optionee (or his or her transferee or legal representative, as the case may be), within ninety (90) days after the date on which Optionee ceases to be a Service Provider (or, in the case of Shares which are acquired after the date on which Optionee ceases to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

(c) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Optionee stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided in Subsection (b) above, the Call Right shall terminate.

(e) The Call Right shall terminate as to all Shares upon the date of an Initial Public Offering.

6. Drag-Along Sales.

(a) Notwithstanding any other provision of this Agreement, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), Optionee shall be required, as the case may be (x) to sell to such Third Party a number of shares of Common Stock owned by Optionee, if any, equal to the number of shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding shares of the Company's Common Stock, Optionee shall be required to sell that percentage of his or her shares of Common Stock equal to the percentage of shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by Optionee in favor of such Acquisition Proposal and take all other necessary or desirable actions within Optionee's control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of Optionee under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to Optionee.

(b) Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide Optionee with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase Optionee's shares of Common Stock in accordance with the terms hereof.

(c) On the Drag-Along Sale Date, the Optionee, if a participant in the applicable Drag-Along Sale, (a) authorizes the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of Optionee's shares of Common Stock included in such Drag-Along Sale which are not represented by one or more certificates, from Optionee to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent shares of Common Stock owned by Optionee included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the

manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such shares of Common Stock. In addition, the Optionee, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all shares of Common Stock owned by Optionee included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

(d) Optionee shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

(e) The provisions of this Section 6 shall terminate as to all shares of Common Stock owned by Optionee upon the date of an Initial Public Offering.

7. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

8. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

9. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially similar thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND SUCH LAWS OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

10. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

11. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

12. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

13. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

14. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

15. Delivery of Payment. Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

16. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
THE HONEST COMPANY, INC.	**OPTIONEE**
By: _____	By: _____
Name:	Name:
Title:	Address:
Date: _____	Date: _____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE :

COMPANY : THE HONEST COMPANY, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of The Honest Company, Inc. (the "Company"), the undersigned (the "Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the

conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than (6) six months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Optionee understands and acknowledges that the Company will rely upon the accuracy and truth of the foregoing representations and Optionee hereby consents to such reliance.

Signature of Optionee:

_____

Date: _____

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan"), The Honest Company, Inc. (the "Company") hereby grants to the Optionee listed below ("Optionee"), an option (the "Option") to purchase the number of shares of the Company's Common Stock set forth below (the "Shares"), subject to the terms and conditions of the Plan and this Stock Option Agreement. All capitalized terms used in this Stock Option Agreement not otherwise defined shall have the meanings ascribed to such terms in the Plan. To the extent of any conflict between the terms of this Stock Option Agreement and those terms contained in any employment, severance or similar agreements, the terms of this Stock Option Agreement shall prevail.

I. A. NOTICE OF TIME VESTING PORTION OF STOCK OPTION GRANT

Optionee:

Date of Grant:

First Vest Date:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date: 10 years from Date of Grant

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

[USE THIS LANGUAGE FOR SERVICE TERM LESS THAN ONE YEAR:]

Subject to the termination provisions of this Stock Option Agreement and the Plan, [_____][1] of the options granted herein shall vest on the First Vest Date set forth above (the "First Vest Date") and then monthly thereafter at the rate of 1/48th of the Total Number of Shares Granted over the next [_____][2] following the First Vest Date. Except as set forth in this Stock Option Agreement, in the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate.

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1 A number of shares equal to the product of 1/48th of the Total Number of Shares Granted times the number of full calendar months between Optionee's start date and the Date of Grant.

2 A number of months equal to the value of 48 months minus the number of full calendar months between Optionee's start date and the Date of Grant.

[USE THIS LANGUAGE FOR SERVICE TERM OF MORE THAN ONE YEAR:]

Subject to the termination provisions of this Stock Option Agreement and the Plan, the options granted herein shall begin vesting monthly at the rate of 1/48th of the option shares on the First Vest Date set forth above (the "First Vest Date") and over the next forty seven (47) months following the First Vest Date. Except as set forth in this Stock Option Agreement, in the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate.

Termination Period: Except in the event of a termination of Optionee as a Service Provider by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

Acceleration: In the event Optionee ceases to be a Service Provider by reason of a termination by the Company without Cause or by Optionee's resignation for Good Reason (an "Involuntary Termination") at any time other than within the period beginning three (3) months prior to and ending twelve (12) months following the consummation of a Change in Control (as defined in Optionee's employment agreement) (the "Change in Control Period"), an additional number of the option shares equal to the number of unvested option shares that would have vested over the following twelve (12) month period had Optionee continued as a Service Provider shall accelerate as of the date of the Optionee's Involuntary Termination (in the first twelve (12) months of employment, there shall be an acceleration of vesting of unvested options equal to one month vesting for each month of completed service to the date of Involuntary Termination, plus a further twelve (12) months acceleration of vesting).

In the event of Optionee's Involuntary Termination during the Change in Control Period, all unvested option shares shall become fully vested and exercisable as of the later of the date of Optionee's Involuntary Termination or immediately prior to the consummation of the Change in Control (as defined in Optionee's employment agreement).

Definition:	For purposes of this Agreement, “Good Reason” shall mean the occurrence of one of the following events without Optionee’s written consent: (a) an assignment of duties materially inconsistent with, or which materially reduce, Optionee’s duties, authority, responsibilities and status with the Company, (b) any reduction in Optionee’s base compensation or bonus potential, other than a reduction generally applicable to other executives of the Company by not more than 25%, (c) the relocation of the principal place of Optionee’s employment to a location that is more than 25 miles away from its current location and (d) the uncured breach by the Company of any material provision of Optionee’s employment agreement with the Company, including, without limitation, failure by the Company to pay Optionee’s base salary; provided, however, that to resign for Good Reason, Optionee must (1) provide written notice to the Board within 30 days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Optionee’s resignation, (2) allow the Company at least 30 days from receipt of such written notice to cure such event, and (3) if such event is not reasonably cured within such period, Optionee’s resignation from all positions Optionee then holds with the Company is effective not later than 90 days after the expiration of the cure period.

B. NOTICE OF LIQUIDITY EVENT (1.5X) PORTION OF STOCK OPTION GRANT

Optionee:

Date of Grant:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date: 10 years from Date of Grant

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to the termination provisions of this Stock Option Agreement and the Plan, the Options granted herein shall vest upon the occurrence of a Qualifying Liquidity Event. In the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate. Notwithstanding any other provision hereof, Optionee acknowledges that any provisions in any employment, severance or similar agreements or letters that provide Optionee with accelerated vesting and/or exercisability of equity awards on a qualifying termination of employment will not apply to this Option, and that this Option will not accelerate as to vesting or exercisability upon any termination of employment.

A "Qualifying Liquidity Event" shall mean the first to occur of: (1) a Change in Control (as defined in Optionee's employment agreement); or (2) the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, for the sale of the Company's Common Stock, but only if the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is at least one and one half times the per-share exercise price of the Option. For this purpose, the Fair Market Value with respect to the event described in clause (1) will be based on the total purchase price per share of common stock in connection with such event (for the avoidance of doubt, inclusive of any contingent amounts such as earn-outs and escrows), and the Fair Market Value with respect to the event described in clause (2) will be the price per share at which shares are first sold to the public in the Company's initial public offering. If an event in clauses (1) or (2) occurs and the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is less than one and one half times the per-share exercise price of the Option, then the Option shall terminate as of the occurrence of such event.

Termination Period:	Except in the event of a termination of Optionee as a Service Provider by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

C. NOTICE OF LIQUIDITY EVENT (2.0X) PORTION OF STOCK OPTION GRANT

Optionee:

Date of Grant:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date: 10 years from Date of Grant

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to the termination provisions of this Stock Option Agreement and the Plan, the Options granted herein shall vest upon the occurrence of a Qualifying Liquidity Event. In the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate. Notwithstanding any other provision hereof, Optionee acknowledges that any provisions in any employment, severance or similar agreements or letters that provide Optionee with accelerated vesting and/or exercisability of equity awards on a qualifying termination of employment will not apply to this Option, and that this Option will not accelerate as to vesting or exercisability upon any termination of employment.

A "Qualifying Liquidity Event" shall mean the first to occur of: (1) a Change in Control (as defined in Optionee's employment agreement); or (2) the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, for the sale of the Company's Common Stock, but only if the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is at least two times the per-share exercise price of the Option. For this purpose, the Fair Market Value with respect to the event described in clause (1) will be based on the total purchase price per share of common stock in connection with such event (for the avoidance of doubt, inclusive of any contingent amounts such as earn-outs and escrows), and the Fair Market Value with respect to the event described in clause (2) will be the price per share at which shares are first sold to the public in the Company's initial public offering. If an event in clauses (1) or (2) occurs and the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is less than two times the per-share exercise price of the Option, then the Option shall terminate as of the occurrence of such event.

Termination Period:	Except in the event of a termination of Optionee as a Service Provider by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

D. NOTICE OF LIQUIDITY EVENT (2.5X) PORTION OF STOCK OPTION GRANT

Optionee:

Date of Grant:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date: 10 years from Date of Grant

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to the termination provisions of this Stock Option Agreement and the Plan, the Options granted herein shall vest upon the occurrence of a Qualifying Liquidity Event. In the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate. Notwithstanding any other provision hereof, Optionee acknowledges that any provisions in any employment, severance or similar agreements or letters that provide Optionee with accelerated vesting and/or exercisability of equity awards on a qualifying termination of employment will not apply to this Option, and that this Option will not accelerate as to vesting or exercisability upon any termination of employment.

A "Qualifying Liquidity Event" shall mean the first to occur of: (1) a Change in Control (as defined in Optionee's employment agreement); or (2) the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, for the sale of the Company's Common Stock, but only if the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is at least two and one half times the per-share exercise price of the Option. For this purpose, the Fair Market Value with respect to the event described in clause (1) will be based on the total purchase price per share of common stock in connection with such event (for the avoidance of doubt, inclusive of any contingent amounts such as earn-outs and escrows), and the Fair Market Value with respect to the event described in clause (2) will be the price per share at which shares are first sold to the public in the Company's initial public offering. If an event in clauses (1) or (2) occurs and the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is less than two and one half times the per-share exercise price of the Option, then the Option shall terminate as of the occurrence of such event.

Termination Period:	Except in the event of a termination of Optionee as a Service Provider by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

II. AGREEMENT

1. Grant of Option. The Company hereby grants to Optionee an Option to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"). Notwithstanding anything to the contrary anywhere else in this Stock Option Agreement, the Option is subject to the terms, definitions and provisions of the Plan adopted by the Company, which is incorporated herein by reference.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code; *provided*, that to the extent that the aggregate Fair Market Value of stock with respect to which incentive stock options (within the meaning of Code Section 422, but without regard to Code Section 422(d)), including this Option, become exercisable for the first time by Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code) exceeds $100,000, such options shall not be treated as qualifying under Code Section 422, but rather shall be treated as Non-Qualified Stock Options to the extent required by Code Section 422. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For purposes of these rules, the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted.

2. Exercise of Option. This Option is exercisable as follows:

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Stock Option Agreement, Shares subject to this Option shall vest based on Optionee's continued status as a Service Provider.

(ii) This Option may not be exercised for a fraction of a Share.

(iii) In the event of Optionee's death, disability or other termination of Optionee's status as a Service Provider, the exercisability of the Option shall be governed by Sections 7, 8, 9 and 10 below.

(iv) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.

(b) Method of Exercise. This Option shall be exercisable by written notice (substantially in the form attached hereto as Exhibit A). Such notice must state the number of Shares for which the Option is being exercised and contain such other representations and agreements with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. The notice must be signed by Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The notice must be accompanied by payment of the Exercise Price plus payment of any applicable withholding tax. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price and payment of any applicable withholding tax.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and such exercise comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act or any applicable state laws at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

4. Lock-Up Period. Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

5. Method of Payment. Payment of the Exercise Price shall be by (a) cash, (b) check or (c) with the consent of the Administrator, (i) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (ii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (iv) property of any kind which constitutes good and valuable consideration, (v) delivery of a notice that Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (vi) any combination of the foregoing methods of payment.

6. Restrictions on Exercise. This Option may not be exercised until the Plan has been approved by the stockholders of the Company. If the issuance of Shares upon such exercise or if the method of payment for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, then the Option may also not be exercised. The Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation before allowing the Option to be exercised.

7. Termination of Relationship. If Optionee ceases to be a Service Provider (other than by reason of a termination by the Company for Cause or Optionee's death or the total and permanent disability of Optionee as defined in Code Section 22(e)(3)), to the extent vested as of the date on which Optionee ceases to be a Service Provider (taking into account any vesting that may occur in connection with such termination), the Option shall remain exercisable for a period of 90 days immediately following such date of termination (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise the Option within the time specified herein, the Option shall terminate.

8. Termination for Cause. If Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate as of the start of business on the date of Optionee's termination, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

9. Disability of Optionee. If Optionee ceases to be a Service Provider as a result of his or her total and permanent disability as defined in Code Section 22(e)(3), the Option, to the extent vested as of the date on which Optionee ceases to be a Service Provider, shall remain exercisable for twelve (12) months from such date (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise such Option within the time specified herein, the Option shall terminate.

10. Death of Optionee. If Optionee ceases to be a Service Provider as a result of Optionee's death, the Option, to the extent vested as of the date of death, shall remain exercisable for twelve (12) months following the date of death (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. To the extent that the Option is not vested as of the date of death, or if the Option is not exercised within the time specified herein, the Option shall terminate.

11. Non-Transferability of Option. This Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. It may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

12. Term of Option. This Option may be exercised only within the term set forth in the Notice of Grant.

13. Restrictions on Shares. Optionee hereby agrees that Shares purchased upon the exercise of the Option shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, a right of first refusal in favor of the Company with respect to permitted transfers of Shares, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the Exercise Notice with respect to the Option or in such other agreement as the Administrator shall determine and which Optionee hereby agrees to enter into at the request of the Company.

14. Code Section 409A. Without limiting the generality of any other provision of this Agreement, Section 23 of the Plan pertaining to Code Section 409A is hereby explicitly incorporated into this Agreement.

15. No Right to Employment. Nothing in the Plan or in this Stock Option Agreement shall confer upon Optionee any right to continue as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, or shall interfere with or restrict in any way the rights of the Company or any Parent or Subsidiary, which are hereby expressly reserved, to discharge Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment agreement between Optionee and the Company or any Parent or Subsidiary.

(Signature Page Follows)

This Stock Option Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one document.

THE HONEST COMPANY, INC.

By: _____
Name: Nicole Miller
Title: Senior Vice President & General Counsel

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS STOCK OPTION AGREEMENT, NOR IN THE COMPANY'S 2011 STOCK INCENTIVE PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION AS A SERVICE PROVIDER OF THE COMPANY OR ANY PARENT OR SUBSIDIARY, NOR SHALL IT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT PRIOR NOTICE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof. Optionee hereby accepts this Option subject to all of the terms and provisions hereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: _____

By: _____
Name:

EXHIBIT A

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

EXERCISE NOTICE

The Honest Company, Inc.
Attention: Stock Administration

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of The Honest Company, Inc. (the "Company") under and pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan") and the Stock Option Agreement dated _____ (the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant:

Number of Shares Exercised:

Exercise Price per Share: $[_____]

Total Exercise Price: $[_____]

Certificate to be issued in name of:

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

2. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate within a reasonable time after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 16 of the Plan. Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal, Call Right or Drag-Along Right hereunder (each as defined below). Upon such disposal or exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Optionee's Rights to Transfer Shares.

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (including transfer by gift or operation of law and, collectively, "Transfer" or "Transferred"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(i) *Notice of Proposed Transfer*. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(ii) *Exercise of Right of First Refusal*. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with paragraph (iii) below.

(iii) *Purchase Price*. The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith.

(iv) *Payment*. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's Immediate Family (as defined below) or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon the date of the initial sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (an "Initial Public Offering").

5. Company Call Right.

(a) If Optionee ceases to be a Service Provider for any reason, the Company shall have the right (but not the obligation) to purchase from Optionee, or Optionee's personal representative, as the case may be, any or all of the Shares then owned by the Optionee (and any or all Shares acquired upon exercise of the Option after the date on which the Optionee ceases to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which the Optionee ceases to be a Service Provider (the "Call Right").

(b) The Company may exercise the Call Right by delivering personally or by registered mail to Optionee (or his or her transferee or legal representative, as the case may be), within ninety (90) days after the date on which Optionee ceases to be a Service Provider (or, in the case of Shares which are acquired after the date on which Optionee ceases to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

(c) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Optionee stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided in Subsection (b) above, the Call Right shall terminate.

(e) The Call Right shall terminate as to all Shares upon the date of an Initial Public Offering.

6. Drag-Along Sales.

(a) Notwithstanding any other provision of this Agreement, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), Optionee shall be required, as the case may be (x) to sell to such Third Party a number of shares of Common Stock owned by Optionee, if any, equal to the number of shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding shares of the Company's Common Stock, Optionee shall be required to sell that percentage of his or her shares of Common Stock equal to the percentage of shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by Optionee in favor of such Acquisition Proposal and take all other necessary or desirable actions within Optionee's control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of Optionee under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to Optionee.

(b) Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide Optionee with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase Optionee's shares of Common Stock in accordance with the terms hereof.

(c) On the Drag-Along Sale Date, the Optionee, if a participant in the applicable Drag-Along Sale, (a) authorizes the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of Optionee's shares of Common Stock included in such Drag-Along Sale which are not represented by one or more certificates, from Optionee to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent shares of Common Stock owned by Optionee included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the

manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such shares of Common Stock. In addition, the Optionee, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all shares of Common Stock owned by Optionee included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

(d) Optionee shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

(e) The provisions of this Section 6 shall terminate as to all shares of Common Stock owned by Optionee upon the date of an Initial Public Offering.

7. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

8. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

9. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially similar thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND SUCH LAWS OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

10. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

11. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

12. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

13. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

14. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

15. Delivery of Payment. Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

16. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
THE HONEST COMPANY, INC.	**OPTIONEE**
By: _____	By: _____
Name:	Name:
Title:	Address:
Date: _____	Date: _____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE :

COMPANY : THE HONEST COMPANY, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of The Honest Company, Inc. (the "Company"), the undersigned (the "Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety

(90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than (6) six months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Optionee understands and acknowledges that the Company will rely upon the accuracy and truth of the foregoing representations and Optionee hereby consents to such reliance.

Signature of Optionee:

_____

Date: _____

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan"), The Honest Company, Inc. (the "Company") hereby grants to the Optionee listed below ("Optionee"), an option (the "Option") to purchase the number of shares of the Company's Common Stock set forth below (the "Shares"), subject to the terms and conditions of the Plan and this Stock Option Agreement. All capitalized terms used in this Stock Option Agreement not otherwise defined shall have the meanings ascribed to such terms in the Plan.

I. A. NOTICE OF TIME VESTING PORTION OF STOCK OPTION GRANT

Optionee:	Nikolaos Vlahos
Date of Grant:	
First Vest Date:	
Exercise Price per Share:	
Total Number of Shares Granted:	
Total Exercise Price:	
Term/Expiration Date:	10 years from Date of Grant
Type of Option:	[ ] Incentive Stock Option [X] Non-Qualified Stock Option
Vesting Schedule:	This Option shall vest according to the following schedule: Subject to the termination provisions of this Stock Option Agreement and the Plan, the options granted herein shall begin vesting monthly at the rate of 1/48th of the option shares on the First Vest Date set forth above (the "First Vest Date") and over the next forty seven (47) months following the First Vest Date. Except as set forth in this Stock Option Agreement, in the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate.
Termination Period:	The Executive Employment Agreement, dated as of March 13, 2017, by and between the Company and Optionee ("Employment Agreement") shall govern the Post-Termination Exercise Period (as defined in the Employment Agreement) of this Option.
Acceleration:	The Employment Agreement shall govern the accelerated vesting of this Option upon Optionee's Involuntary Termination or Involuntary CIC Termination (each as defined in the Employment Agreement).

Definition:	For purposes of this Agreement, “Good Reason” shall mean the occurrence of one of the following events without Optionee’s written consent: (a) an assignment of duties materially inconsistent with, or which materially reduce, Optionee’s duties, authority, responsibilities and status with the Company, (b) any reduction in Optionee’s base compensation or bonus potential, other than a reduction generally applicable to other executives of the Company by not more than 25%, (c) the relocation of the principal place of Optionee’s employment to a location that is more than 25 miles away from its current location and (d) the uncured breach by the Company of any material provision of Optionee’s employment agreement with the Company, including, without limitation, failure by the Company to pay Optionee’s base salary; provided, however, that to resign for Good Reason, Optionee must (1) provide written notice to the Board within 30 days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Optionee’s resignation, (2) allow the Company at least 30 days from receipt of such written notice to cure such event, and (3) if such event is not reasonably cured within such period, Optionee’s resignation from all positions Optionee then holds with the Company is effective not later than 90 days after the expiration of the cure period.

B. NOTICE OF LIQUIDITY EVENT (1.5X) PORTION OF STOCK OPTION GRANT

Optionee: Nikolaos Vlahos

Date of Grant:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date: 10 years from Date of Grant

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to the termination provisions of this Stock Option Agreement and the Plan, the Options granted herein shall vest upon the occurrence of a Qualifying Liquidity Event. In the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate. Notwithstanding any other provision hereof, Optionee acknowledges that any provisions in any employment, severance or similar agreements or letters that provide Optionee with accelerated vesting and/or exercisability of equity awards on a qualifying termination of employment will not apply to this Option, and that this Option will not accelerate as to vesting or exercisability upon any termination of employment.

A "Qualifying Liquidity Event" shall mean the first to occur of: (1) a Change in Control (as defined in Optionee's employment agreement); or (2) the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, for the sale of the Company's Common Stock, but only if the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is at least one and one half times the per-share exercise price of the Option. For this purpose, the Fair Market Value with respect to the event described in clause (1) will be based on the total purchase price per share of common stock in connection with such event (for the avoidance of doubt, inclusive of any contingent amounts such as earn-outs and escrows), and the Fair Market Value with respect to the event described in clause (2) will be the price per share at which shares are first sold to the public in the Company's initial public offering. If an event in clauses (1) or (2) occurs and the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is less than one and one half times the per-share exercise price of the Option, then the Option shall terminate as of the occurrence of such event.

Termination Period:	Except in the event of a termination of Optionee as a Service Provider by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

C. NOTICE OF LIQUIDITY EVENT (2.0X) PORTION OF STOCK OPTION GRANT

Optionee:	Nikolaos Vlahos
Date of Grant:	
Exercise Price per Share:	
Total Number of Shares Granted:	
Total Exercise Price:	
Term/Expiration Date:	10 years from Date of Grant
Type of Option:	[ ] Incentive Stock Option [X] Non-Qualified Stock Option
Vesting Schedule:	This Option shall vest according to the following schedule:

Subject to the termination provisions of this Stock Option Agreement and the Plan, the Options granted herein shall vest upon the occurrence of a Qualifying Liquidity Event. In the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate. Notwithstanding any other provision hereof, Optionee acknowledges that any provisions in any employment, severance or similar agreements or letters that provide Optionee with accelerated vesting and/or exercisability of equity awards on a qualifying termination of employment will not apply to this Option, and that this Option will not accelerate as to vesting or exercisability upon any termination of employment.

A "Qualifying Liquidity Event" shall mean the first to occur of: (1) a Change in Control (as defined in Optionee's employment agreement); or (2) the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, for the sale of the Company's Common Stock, but only if the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is at least two times the per-share exercise price of the Option. For this purpose, the Fair Market Value with respect to the event described in clause (1) will be based on the total purchase price per share of common stock in connection with such event (for the avoidance of doubt, inclusive of any contingent amounts such as earn-outs and escrows), and the Fair Market Value with respect to the event described in clause (2) will be the price per share at which shares are first sold to the public in the Company's initial public offering. If an event in clauses (1) or (2) occurs and the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is less than two times the per-share exercise price of the Option, then the Option shall terminate as of the occurrence of such event.

Termination Period:	Except in the event of a termination of Optionee as a Service Provider by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

D. NOTICE OF LIQUIDITY EVENT (2.5X) PORTION OF STOCK OPTION GRANT

Optionee: Nikolaos Vlahos

Date of Grant:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date: 10 years from Date of Grant

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to the termination provisions of this Stock Option Agreement and the Plan, the Options granted herein shall vest upon the occurrence of a Qualifying Liquidity Event. In the event of a termination of Optionee as a Service Provider, the vesting shall cease and the unvested options shall terminate. Notwithstanding any other provision hereof, Optionee acknowledges that any provisions in any employment, severance or similar agreements or letters that provide Optionee with accelerated vesting and/or exercisability of equity awards on a qualifying termination of employment will not apply to this Option, and that this Option will not accelerate as to vesting or exercisability upon any termination of employment.

A "Qualifying Liquidity Event" shall mean the first to occur of: (1) a Change in Control (as defined in Optionee's employment agreement); or (2) the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, for the sale of the Company's Common Stock, but only if the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is at least two and one half times the per-share exercise price of the Option. For this purpose, the Fair Market Value with respect to the event described in clause (1) will be based on the total purchase price per share of common stock in connection with such event (for the avoidance of doubt, inclusive of any contingent amounts such as earn-outs and escrows), and the Fair Market Value with respect to the event described in clause (2) will be the price per share at which shares are first sold to the public in the Company's initial public offering. If an event in clauses (1) or (2) occurs and the Board determines that the Fair Market Value of a share of the Company's Common Stock in connection with such event is less than two and one half times the per-share exercise price of the Option, then the Option shall terminate as of the occurrence of such event.

Termination Period:	Except in the event of a termination of Optionee as a Service Provider by the Company for Cause, this Option may be exercised, to the extent vested, for 90 days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

II. AGREEMENT

1. Grant of Option. The Company hereby grants to Optionee an Option to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"). Notwithstanding anything to the contrary anywhere else in this Stock Option Agreement, the Option is subject to the terms, definitions and provisions of the Plan adopted by the Company, which is incorporated herein by reference.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code; *provided*, that to the extent that the aggregate Fair Market Value of stock with respect to which incentive stock options (within the meaning of Code Section 422, but without regard to Code Section 422(d)), including this Option, become exercisable for the first time by Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code) exceeds $100,000, such options shall not be treated as qualifying under Code Section 422, but rather shall be treated as Non-Qualified Stock Options to the extent required by Code Section 422. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For purposes of these rules, the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted.

2. Exercise of Option. This Option is exercisable as follows:

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Stock Option Agreement, Shares subject to this Option shall vest based on Optionee's continued status as a Service Provider.

(ii) This Option may not be exercised for a fraction of a Share.

(iii) In the event of Optionee's death, disability or other termination of Optionee's status as a Service Provider, the exercisability of the Option shall be governed by Sections 7, 8, 9 and 10 below.

(iv) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.

(b) Method of Exercise. This Option shall be exercisable by written notice (substantially in the form attached hereto as Exhibit A). Such notice must state the number of Shares for which the Option is being exercised and contain such other representations and agreements with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. The notice must be signed by Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The notice must be accompanied by payment of the Exercise Price plus payment of any applicable withholding tax. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price and payment of any applicable withholding tax.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and such exercise comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act or any applicable state laws at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

4. Lock-Up Period. Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

5. Method of Payment. Payment of the Exercise Price shall be by (a) cash, (b) check or (c) with the consent of the Administrator, (i) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (ii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (iv) property of any kind which constitutes good and valuable consideration, (v) delivery of a notice that Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (vi) any combination of the foregoing methods of payment.

6. Restrictions on Exercise. This Option may not be exercised until the Plan has been approved by the stockholders of the Company. If the issuance of Shares upon such exercise or if the method of payment for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, then the Option may also not be exercised. The Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation before allowing the Option to be exercised.

7. Termination of Relationship. If Optionee ceases to be a Service Provider (other than by reason of a termination by the Company for Cause or Optionee's death or the total and permanent disability of Optionee as defined in Code Section 22(e)(3)), to the extent vested as of the date on which Optionee ceases to be a Service Provider (taking into account any vesting that may occur in connection with such termination), the Option shall remain exercisable for a period of 90 days immediately following such date of termination (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise the Option within the time specified herein, the Option shall terminate.

8. Termination for Cause. If Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate as of the start of business on the date of Optionee's termination, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

9. Disability of Optionee. If Optionee ceases to be a Service Provider as a result of his or her total and permanent disability as defined in Code Section 22(e)(3), the Option, to the extent vested as of the date on which Optionee ceases to be a Service Provider, shall remain exercisable for twelve (12) months from such date (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise such Option within the time specified herein, the Option shall terminate.

10. Death of Optionee. If Optionee ceases to be a Service Provider as a result of Optionee's death, the Option, to the extent vested as of the date of death, shall remain exercisable for twelve (12) months following the date of death (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. To the extent that the Option is not vested as of the date of death, or if the Option is not exercised within the time specified herein, the Option shall terminate.

11. Non-Transferability of Option. This Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. It may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

12. Term of Option. This Option may be exercised only within the term set forth in the Notice of Grant.

13. Restrictions on Shares. Optionee hereby agrees that Shares purchased upon the exercise of the Option shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, a right of first refusal in favor of the Company with respect to permitted transfers of Shares, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the Exercise Notice with respect to the Option or in such other agreement as the Administrator shall determine and which Optionee hereby agrees to enter into at the request of the Company.

14. Code Section 409A. Without limiting the generality of any other provision of this Agreement, Section 23 of the Plan pertaining to Code Section 409A is hereby explicitly incorporated into this Agreement.

15. No Right to Employment. Nothing in the Plan or in this Stock Option Agreement shall confer upon Optionee any right to continue as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, or shall interfere with or restrict in any way the rights of the Company or any Parent or Subsidiary, which are hereby expressly reserved, to discharge Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment agreement between Optionee and the Company or any Parent or Subsidiary.

(Signature Page Follows)

This Stock Option Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one document.

THE HONEST COMPANY, INC.

By: _____
Name: Nicole Miller
Title: Senior Vice President & General Counsel

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS STOCK OPTION AGREEMENT, NOR IN THE COMPANY'S 2011 STOCK INCENTIVE PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION AS A SERVICE PROVIDER OF THE COMPANY OR ANY PARENT OR SUBSIDIARY, NOR SHALL IT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT PRIOR NOTICE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof. Optionee hereby accepts this Option subject to all of the terms and provisions hereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: _____

By: _____
Name:

EXHIBIT A

THE HONEST COMPANY, INC.

2011 STOCK INCENTIVE PLAN

EXERCISE NOTICE

The Honest Company, Inc.
Attention: Stock Administration

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of The Honest Company, Inc. (the "Company") under and pursuant to The Honest Company, Inc. 2011 Stock Incentive Plan (the "Plan") and the Stock Option Agreement dated _____ (the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant:

Number of Shares Exercised: _____

Exercise Price per Share: $[_____]

Total Exercise Price: $[_____]

Certificate to be issued in name of: _____

Type of Option: [ ] Incentive Stock Option [X] Non-Qualified Stock Option

2. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate within a reasonable time after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 16 of the Plan. Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal, Call Right or Drag-Along Right hereunder (each as defined below). Upon such disposal or exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Optionee's Rights to Transfer Shares.

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (including transfer by gift or operation of law and, collectively, "Transfer" or "Transferred"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(i) *Notice of Proposed Transfer*. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(ii) *Exercise of Right of First Refusal*. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with paragraph (iii) below.

(iii) *Purchase Price*. The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith.

(iv) *Payment*. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's Immediate Family (as defined below) or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon the date of the initial sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (an "Initial Public Offering").

5. Company Call Right.

(a) If Optionee ceases to be a Service Provider for any reason, the Company shall have the right (but not the obligation) to purchase from Optionee, or Optionee's personal representative, as the case may be, any or all of the Shares then owned by the Optionee (and any or all Shares acquired upon exercise of the Option after the date on which the Optionee ceases to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which the Optionee ceases to be a Service Provider (the "Call Right").

(b) The Company may exercise the Call Right by delivering personally or by registered mail to Optionee (or his or her transferee or legal representative, as the case may be), within ninety (90) days after the date on which Optionee ceases to be a Service Provider (or, in the case of Shares which are acquired after the date on which Optionee ceases to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

(c) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Optionee stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided in Subsection (b) above, the Call Right shall terminate.

(e) The Call Right shall terminate as to all Shares upon the date of an Initial Public Offering.

6. Drag-Along Sales.

(a) Notwithstanding any other provision of this Agreement, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), Optionee shall be required, as the case may be (x) to sell to such Third Party a number of shares of Common Stock owned by Optionee, if any, equal to the number of shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding shares of the Company's Common Stock, Optionee shall be required to sell that percentage of his or her shares of Common Stock equal to the percentage of shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by Optionee in favor of such Acquisition Proposal and take all other necessary or desirable actions within Optionee's control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of Optionee under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to Optionee.

(b) Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide Optionee with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase Optionee's shares of Common Stock in accordance with the terms hereof.

(c) On the Drag-Along Sale Date, the Optionee, if a participant in the applicable Drag-Along Sale, (a) authorizes the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of Optionee's shares of Common Stock included in such Drag-Along Sale which are not represented by one or more certificates, from Optionee to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent shares of Common Stock owned by Optionee included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the

manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such shares of Common Stock. In addition, the Optionee, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all shares of Common Stock owned by Optionee included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

(d) Optionee shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

(e) The provisions of this Section 6 shall terminate as to all shares of Common Stock owned by Optionee upon the date of an Initial Public Offering.

7. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

8. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

9. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially similar thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND SUCH LAWS OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

10. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

11. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

12. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

13. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

14. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

15. Delivery of Payment. Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

16. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
THE HONEST COMPANY, INC.	**OPTIONEE**
By: _____	By: _____
Name:	Name:
Title:	Address:
Date: _____	Date: _____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE :

COMPANY : THE HONEST COMPANY, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of The Honest Company, Inc. (the "Company"), the undersigned (the "Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety

(90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than (6) six months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Optionee understands and acknowledges that the Company will rely upon the accuracy and truth of the foregoing representations and Optionee hereby consents to such reliance.

Signature of Optionee:

_____

Date: _____

THE HONEST COMPANY, INC.
STOCK UNIT GRANT NOTICE
(AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN)

The Honest Company, Inc. (the "***Company***"), pursuant to the Company's Amended and Restated 2011 Stock Incentive Plan (the "***Plan***"), hereby awards to Participant Stock Units covering the number of shares of Company Common Stock (the "***RSUs***") set forth below (the "***Award***"). The Award is subject to all of the terms and conditions as set forth in this Stock Unit Grant Notice (the "***Notice***"), the Amended and Restated 2011 Stock Incentive Plan, as may be amended from time to time (the "***Plan***"), and the Stock Unit Award Agreement (the "***Award Agreement***"). Capitalized terms not explicitly defined herein but defined in the Plan or the Award Agreement will have the same definitions as in the Plan or the Award Agreement. In the event of any conflict between the terms of the Award and the Plan, the terms of the Plan will control.

Participant:	_____
Date of Grant:	_____
Number of RSUs:	_____
Vesting Commencement Date:	_____

Vesting Schedule: Twenty-five percent (25%) of the RSUs shall vest on the first anniversary of the Vesting Commencement Date, with the remainder vesting in equal quarterly installments thereafter over the subsequent three year period, so long as the Participant remains a Service Provider of the Company through each such vesting date (each such vesting date, a "***Vesting Event***"). Upon termination of Participant's service as a Service Provider of the Company, any unvested RSUs shall terminate.

Delivery Date: Subject to any adjustment in accordance with Section 16 of the Plan, one share of Common Stock will be issued for each RSU upon the occurrence of a Vesting Event as set forth in Section 3 of the Award Agreement.

Additional Terms/Acknowledgements: The undersigned Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Award Agreement and the Plan. By accepting this Award, Participant 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. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of stock in the Company and supersede all prior oral and written agreements on that subject with the exception of (i) any awards previously granted and delivered to Participant under the Plan, any prior equity or stock incentive plan or otherwise and (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

THE HONEST COMPANY, INC.

By: _____
Signature

Title: _____

Date: _____

PARTICIPANT

_____
Signature

Date: _____

ATTACHMENTS: Stock Unit Agreement; the Plan

THE HONEST COMPANY, INC.

STOCK UNIT AGREEMENT
(AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN)

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement ("***Agreement***"), The Honest Company, Inc. ("***Company***") has awarded Participant the number of RSUs indicated in the Grant Notice (collectively, the "***Award***"). Subject to adjustment and the terms and conditions as provided in this Agreement, each RSU shall represent the right to receive one (1) share of Common Stock as set forth in Section 3 below. Capitalized terms not otherwise defined in this Agreement will have the meaning set forth in the Company's Amended and Restated 2011 Stock Incentive Plan, as may be amended from time to time ("***Plan***") or the Grant Notice. This Agreement will be deemed to be signed by the Company and Participant upon the signing by Participant of the Restricted Stock Unit Grant Notice to which it is attached.

The details of this Award, in addition to those set forth in the Grant Notice, are as follows.

1. NUMBER OF RSUS AND SHARES OF COMMON STOCK.

(a) The number of RSUs subject to Participant's Award, and the number of shares of Common Stock deliverable with respect to such RSUs, may be adjusted as set forth in Section 16 of the Plan. Participant shall receive no benefit or adjustment to the Award with respect to any cash dividend, stock dividend or other distribution that does not result from any such adjustment set forth in Section 16 of the Plan; *provided, however,* that this sentence shall not apply with respect to any shares of Common Stock, if any, that are delivered to Participant in connection with this Award after such shares have been delivered.

(b) Any additional RSUs or shares of Common Stock that become subject to the Award pursuant to this Section 1 shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other RSUs and Common Stock covered by the Award.

(c) Notwithstanding the provisions of this Section 1, no fractional RSUs or rights for fractional shares of Common Stock shall be created pursuant to this Section 1. The Board shall, in its discretion, determine an equivalent benefit for any fractional RSUs or fractional shares that might be created by the adjustments referred to in this Section 1.

2. VESTING REQUIREMENTS. The RSUs shall vest as provided in the Vesting Schedule set forth in Participant's Grant Notice.

3. DELIVERY OF SHARES OF COMMON STOCK. Subject to the provisions of this Agreement, the Company shall deliver to Participant one (1) share of Common Stock for each RSU upon the occurrence of each Vesting Event, with such delivery to occur no later than (i) December 31 of the calendar year in which the Vesting Event occurs, or (ii) if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the year immediately following the year in which the shares of Common Stock covered by this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d). The form of such delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

4. CONSIDERATION FOR AWARD. This Award has been granted in consideration of Participant's past or future expected services to the Company. Subject to Section 10 below, except as otherwise provided in the Grant Notice, Participant will not be required to make any payment to the Company (other than the provision of past and future services for the Company) with respect to Participant's receipt of the Award, vesting of the RSUs, or the delivery of the shares of Common Stock.

5. SECURITIES LAW COMPLIANCE. Participant may not be issued any Common Stock under the Award unless either (i) the shares of Common Stock are then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. The Award must also comply with other applicable laws and regulations governing the Award, and Participant shall not receive such Common Stock if the Company determines that such receipt would not be in compliance with such laws and regulations.

6. RESTRICTIVE LEGENDS. The Common Stock issued under the Award, if any, may be endorsed with appropriate legends, if any, determined by the Company.

7. TRANSFER RESTRICTIONS. Prior to the time that shares of Common Stock have been delivered to Participant, Participant may not transfer, pledge, sell or otherwise dispose of all or any portion of the RSUs or the shares of Common Stock issuable in respect of the RSUs, except as expressly provided in this Section 7. For example, Participant may not use shares that may be issued in respect of the RSUs as security for a loan, nor may Participant transfer, pledge, sell or otherwise dispose of such shares.

(a) Death. The RSUs are transferable by will and by the laws of descent and distribution. Upon receiving written permission from the Board or its duly authorized designee, Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to receive any distribution of Common Stock or other consideration to which Participant was entitled at the time of Participant's death pursuant to this Agreement. In the absence of such a designation, Participant's executor or administrator of Participant's estate shall be entitled to receive, on behalf of Participant's estate, such Common Stock or other consideration.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that Participant and the designated transferee enter into transfer and other agreements required by the Company, Participant may transfer the RSUs or other consideration hereunder, pursuant to a domestic relations order that contains the information required by the Company to effectuate the transfer. Participant is encouraged to discuss the proposed terms of any division of the RSUs with the Company prior to finalizing the domestic relations order to help ensure the required information is contained within the domestic relations order.

8. AWARD NOT A SERVICE CONTRACT. This Award is not an employment or service contract, and nothing in the Award shall be deemed to create in any way whatsoever any obligation on the part of Participant to continue in the service of the Company, a Subsidiary, a Parent or any Affiliate, or on the part of the Company, a Subsidiary, a Parent or any Affiliate to continue such service. In addition, nothing in this Award shall obligate the Company, a Subsidiary, a Parent or any Affiliate, their respective stockholders, boards of directors or employees to continue any relationship that Participant might have as an Employee, Consultant or Director of the Company, a Subsidiary, a Parent or any Affiliate.

9. UNSECURED OBLIGATION. This Award is unfunded, and Participant shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue Common Stock pursuant to this Agreement. Participant shall not have voting or any other rights as a stockholder of the Company with respect to any Common Stock acquired pursuant to this Agreement until such Common Stock is issued pursuant to Section 3 of this Agreement. Upon such issuance, Participant will obtain full voting and other rights as a stockholder of the Company with respect to the Common Stock so issued. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

10. WITHHOLDING OBLIGATIONS.

(a) On or before the time Participant receives a distribution of the shares of Common Stock underlying the RSUs, or at any time thereafter as requested by the Company, Participant hereby authorizes any required withholding from the Common Stock issuable to Participant and/or otherwise agrees to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, any Subsidiary, any Parent or any Affiliate that arise in connection with the Award (the "***Withholding Taxes***"). Notwithstanding any other provision of this Section, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to the Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to Participant by the Company or any Subsidiary, Parent or Affiliate; (ii) causing Participant to tender a cash payment; (iii) if the Company's Common Stock is publicly traded, permitting or requiring Participant to enter into a "same day sale" commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***") whereby Participant irrevocably elects to sell a portion of the shares to be delivered in connection with the RSUs to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or any Subsidiary, Parent or their Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to Participant in connection with the RSUs with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 3) equal to the amount of such Withholding Taxes; *provided*, *however*, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (or such lesser amount as may be necessary to avoid classification of the RSUs as a liability for financial accounting purposes).

(b) Unless the tax withholding obligations of the Company and/or any Subsidiary, Parent or Affiliate are satisfied, the Company shall have no obligation to deliver to Participant any Common Stock.

(c) In the event the obligation of the Company or any Subsidiary, Parent or Affiliate's to withhold arises prior to the delivery to Participant of Common Stock, or it is determined after delivery of Common Stock to Participant that the amount of the withholding obligation was greater than the amount withheld by the Company or any Subsidiary, Parent or Affiliate, Participant agrees to indemnify and hold the Company and any Subsidiary, Parent and Affiliate harmless from any failure by the Company, Subsidiary, Parent or Affiliate to withhold the proper amount.

11. RESTRICTIONS ON COMMON STOCK.

(a) Lock-Up Period. Participant hereby agrees that, if so requested by the Company or any representative of the underwriters (the "***Managing Underwriter***") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Participant shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180 day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "***Market Standoff Period***"). The Company may impose stop transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

(b) Other Restrictions. Participant hereby agrees that shares of Common Stock that Participant receives pursuant to his or her RSUs shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion. Such terms and conditions may, in the Administrator's sole discretion, be contained in such other agreement as the Administrator shall determine and which Participant hereby agrees to enter into at the request of the Company.

12. NOTICES. Any notices required to be given or delivered to the Company under the terms of this Award shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to their address as on file with the Company at the time notice is given. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

13. HEADINGS. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

14. AMENDMENT. This Agreement may be amended only by a writing executed by the Company and Participant which specifically states that it is amending this Agreement. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to Participant, and provided that no such amendment adversely impairing Participant's rights hereunder may be made without Participant's written consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to Participant, the provisions of this Agreement in any way it may deem necessary, appropriate or desirable to carry out the purpose of this grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling or judicial decision.

15. MISCELLANEOUS.

(a) The rights and obligations of the Company under the Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) Participant agrees upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of this Award.

(c) Participant acknowledges and agrees that Participant has reviewed the Award in its entirety, has had an opportunity to obtain the advice of counsel prior to executing and accepting the Award and fully understands all of its provisions.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

16. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan sponsored by the Company or any Subsidiary, Parent or Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Subsidiary, Parent or Affiliate.

17. CHOICE OF LAW. The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the state of Delaware without regard to such state's conflicts of laws rules. Participant hereby submits to the jurisdiction of the state and federal courts encompassing the location of the Company's principal headquarters for the resolution of any disputes or claims regarding this Agreement.

18. GOVERNING PLAN DOCUMENT. The Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, 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. The Award (and any compensation paid or shares issued under the Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder and any compensation recovery policy otherwise required by applicable law.

19. SEVERABILITY. If all or any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, 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.

20. SECTION 409A OF THE INTERNAL REVENUE CODE. The delivery of shares of Common Stock in respect of the RSUs provided under this Agreement (and any definitions in this Agreement and in the Grant Notice governing the Award) will be construed in a manner that is exempt from (and if not exempt from, complies with) Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively, "***Section 409A***") and incorporates by reference all required definitions and payment terms. If this Award is not exempt from, and is therefore deemed to be deferred compensation subject to, Section 409A, and if Participant is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code) as of the date of Participant's Separation from Service, then the issuance of any shares that would otherwise be made upon the date of Participant's Separation from Service or within the first six months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six months and one day after the date of Participant's Separation from Service, with the balance of the shares issued thereafter in accordance with the original issuance schedule, but if and only to the extent that the delay in issuance of the shares is necessary to avoid the imposition of taxation on Participant in respect of the shares under Section 409A. Notwithstanding the above, the Company makes no representations to Participant regarding the compliance of this Agreement or the RSUs with Section 409A, and Participant is solely responsible for the payment of any taxes or penalties arising under Section 409A(a)(1) of the Internal Revenue Code, or any state law of similar effect, with respect to the grant or vesting of the RSUs or the delivery of the shares subject to this Award.

21. SURVIVAL. Provisions of this Agreement which by their terms must survive the termination of this Agreement in order to effectuate the intent of the parties will survive any such termination for such period as may be appropriate under the circumstances.

22. NO OBLIGATION TO MINIMIZE TAXES. The Company has no duty or obligation to minimize the tax consequences to Participant of this Award and will not be liable to Participant for any tax consequences to Participant arising in connection with this Award.

Participant is hereby advised to consult with Participant's own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, Participant has agreed that Participant has done so or knowingly and voluntarily declined to do so.

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This Stock Unit Agreement will be deemed to be signed by Participant upon the signing by Participant of the Stock Unit Grant Notice to which it is attached.

THE HONEST COMPANY, INC.
STOCK UNIT GRANT NOTICE
(AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN)

The Honest Company, Inc. (the "***Company***"), pursuant to the Company's Amended and Restated 2011 Stock Incentive Plan (the "***Plan***"), hereby awards to Participant Stock Units covering the number of shares of Company Common Stock (the "***RSUs***") set forth below (the "***Award***"). The Award is subject to all of the terms and conditions as set forth in this Stock Unit Grant Notice (the "***Notice***"), the Amended and Restated 2011 Stock Incentive Plan, as may be amended from time to time (the "***Plan***"), and the Stock Unit Award Agreement (the "***Award Agreement***"). Capitalized terms not explicitly defined herein but defined in the Plan or the Award Agreement will have the same definitions as in the Plan or the Award Agreement. In the event of any conflict between the terms of the Award and the Plan, the terms of the Plan will control.

Participant: _____
Date of Grant: _____
Number of RSUs: _____

Vesting Schedule: The RSUs shall vest on the first anniversary of a Trigger Event (such anniversary, the "***Vesting Event***"), as defined in the Award Agreement, so long as the Participant remains a Service Provider of the Company through the Vesting Event. Upon termination of Participant's service as a Service Provider of the Company, any unvested RSUs shall terminate.

Delivery Date: Subject to any adjustment in accordance with Section 16 of the Plan, one share of Common Stock will be issued for each RSU upon the occurrence of a Vesting Event, as set forth in Section 3 of the Award Agreement.

Additional Terms/Acknowledgements: The undersigned Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Award Agreement and the Plan. By accepting this Award, Participant 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. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of stock in the Company and supersede all prior oral and written agreements on that subject with the exception of (i) any awards previously granted and delivered to Participant under the Plan, any prior equity or stock incentive plan or otherwise and (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

THE HONEST COMPANY, INC.

By: _____
Signature

Title: _____

Date: _____

PARTICIPANT

_____
Signature

Date: _____

ATTACHMENTS: Stock Unit Agreement; the Plan

THE HONEST COMPANY, INC.

STOCK UNIT AGREEMENT
(AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN)

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement ("***Agreement***"), The Honest Company, Inc. ("***Company***") has awarded Participant the number of RSUs indicated in the Grant Notice (collectively, the "***Award***"). Subject to adjustment and the terms and conditions as provided in this Agreement, each RSU shall represent the right to receive one (1) share of Common Stock as set forth in Section 3 below. Capitalized terms not otherwise defined in this Agreement will have the meaning set forth in the Company's Amended and Restated 2011 Stock Incentive Plan, as may be amended from time to time ("***Plan***") or the Grant Notice. This Agreement will be deemed to be signed by the Company and Participant upon the signing by Participant of the Restricted Stock Unit Grant Notice to which it is attached.

The details of this Award, in addition to those set forth in the Grant Notice, are as follows.

1. NUMBER OF RSUS AND SHARES OF COMMON STOCK.

(a) The number of RSUs subject to Participant's Award, and the number of shares of Common Stock deliverable with respect to such RSUs, may be adjusted as set forth in Section 16 of the Plan. Participant shall receive no benefit or adjustment to the Award with respect to any cash dividend, stock dividend or other distribution that does not result from any such adjustment set forth in Section 16 of the Plan; *provided, however,* that this sentence shall not apply with respect to any shares of Common Stock, if any, that are delivered to Participant in connection with this Award after such shares have been delivered.

(b) Any additional RSUs or shares of Common Stock that become subject to the Award pursuant to this Section 1 shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other RSUs and Common Stock covered by the Award.

(c) Notwithstanding the provisions of this Section 1, no fractional RSUs or rights for fractional shares of Common Stock shall be created pursuant to this Section 1. The Board shall, in its discretion, determine an equivalent benefit for any fractional RSUs or fractional shares that might be created by the adjustments referred to in this Section 1.

2. VESTING REQUIREMENTS. The RSUs shall vest as provided in the Vesting Schedule set forth in Participant's Grant Notice.

3. DELIVERY OF SHARES OF COMMON STOCK.

(a) Subject to the provisions of this Agreement, the Company shall deliver to Participant one (1) share of Common Stock for each RSU upon the occurrence of a Vesting Event, with such delivery to occur no later than (i) December 31 of the calendar year in which the Vesting Event occurs, or (ii) if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the year immediately following the year in which the shares of Common Stock covered by this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d). The form of such delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) Where the Trigger Event is an Acquisition or Change in Control, the Company may settle an RSU by delivering other consideration to Participant with a Fair Market Value equal in the aggregate to the value of the shares of Common Stock for which the RSU is being settled, including but not limited to shares of the capital stock of the acquirer or surviving entity of such Acquisition or Change in Control or its affiliates.

(c) The term "***Trigger Event***" means the earliest to occur of any of the following events prior to the tenth anniversary of the Date of Grant:

(i) an Acquisition or Change in Control; or

(ii) a Public Trading Date.

(d) For purposes of this Agreement, the terms "Acquisition" and "Change in Control" will have the same meaning as set forth in the Plan, provided, however, that an event will only be considered an Acquisition or Change in Control for purposes of this Agreement if it also qualifies as a change in the ownership or effective control of a corporation or a change in the ownership of a substantial portion of the assets of a corporation under Treasury Regulations Section 1.409A-3(i)(5).

4. CONSIDERATION FOR AWARD. This Award has been granted in consideration of Participant's past or future expected services to the Company. Subject to Section 10 below, except as otherwise provided in the Grant Notice, Participant will not be required to make any payment to the Company (other than the provision of past and future services for the Company) with respect to Participant's receipt of the Award, vesting of the RSUs, or the delivery of the shares of Common Stock.

5. SECURITIES LAW COMPLIANCE. Participant may not be issued any Common Stock under the Award unless either (i) the shares of Common Stock are then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. The Award must also comply with other applicable laws and regulations governing the Award, and Participant shall not receive such Common Stock if the Company determines that such receipt would not be in compliance with such laws and regulations.

6. RESTRICTIVE LEGENDS. The Common Stock issued under the Award, if any, may be endorsed with appropriate legends, if any, determined by the Company.

7. TRANSFER RESTRICTIONS. Prior to the time that shares of Common Stock have been delivered to Participant, Participant may not transfer, pledge, sell or otherwise dispose of all or any portion of the RSUs or the shares of Common Stock issuable in respect of the RSUs, except as expressly provided in this Section 7. For example, Participant may not use shares that may be issued in respect of the RSUs as security for a loan, nor may Participant transfer, pledge, sell or otherwise dispose of such shares.

(a) Death. The RSUs are transferable by will and by the laws of descent and distribution. Upon receiving written permission from the Board or its duly authorized designee, Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to receive any distribution of Common Stock or other consideration to which Participant was entitled at the time of Participant's death pursuant to this Agreement. In the absence of such a designation, Participant's executor or administrator of Participant's estate shall be entitled to receive, on behalf of Participant's estate, such Common Stock or other consideration.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that Participant and the designated transferee enter into transfer and other agreements required by the Company, Participant may transfer the RSUs or other consideration hereunder, pursuant to a domestic relations order that contains the information required by the Company to effectuate the transfer. Participant is encouraged to discuss the proposed terms of any division of the RSUs with the Company prior to finalizing the domestic relations order to help ensure the required information is contained within the domestic relations order.

8. AWARD NOT A SERVICE CONTRACT. This Award is not an employment or service contract, and nothing in the Award shall be deemed to create in any way whatsoever any obligation on the part of Participant to continue in the service of the Company, a Subsidiary, a Parent or any Affiliate, or on the part of the Company, a Subsidiary, a Parent or any Affiliate to continue such service. In addition, nothing in this Award shall obligate the Company, a Subsidiary, a Parent or any Affiliate, their respective stockholders, boards of directors or employees to continue any relationship that Participant might have as an Employee, Consultant or Director of the Company, a Subsidiary, a Parent or any Affiliate.

9. UNSECURED OBLIGATION. This Award is unfunded, and Participant shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue Common Stock pursuant to this Agreement. Participant shall not have voting or any other rights as a stockholder of the Company with respect to any Common Stock acquired pursuant to this Agreement until such Common Stock is issued pursuant to Section 3 of this Agreement. Upon such issuance, Participant will obtain full voting and other rights as a stockholder of the Company with respect to the Common Stock so issued. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

10. WITHHOLDING OBLIGATIONS.

(a) On or before the time Participant receives a distribution of the shares of Common Stock underlying the RSUs, or at any time thereafter as requested by the Company, Participant hereby authorizes any required withholding from the Common Stock issuable to

Participant and/or otherwise agrees to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, any Subsidiary, any Parent or any Affiliate that arise in connection with the Award (the "***Withholding Taxes***"). Notwithstanding any other provision of this Section, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to the Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to Participant by the Company or any Subsidiary, Parent or Affiliate; (ii) causing Participant to tender a cash payment; (iii) if the Company's Common Stock is publicly traded, permitting or requiring Participant to enter into a "same day sale" commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***") whereby Participant irrevocably elects to sell a portion of the shares to be delivered in connection with the RSUs to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or any Subsidiary, Parent or their Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to Participant in connection with the RSUs with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 3) equal to the amount of such Withholding Taxes; *provided*, *however*, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (or such lesser amount as may be necessary to avoid classification of the RSUs as a liability for financial accounting purposes).

(b) Unless the tax withholding obligations of the Company and/or any Subsidiary, Parent or Affiliate are satisfied, the Company shall have no obligation to deliver to Participant any Common Stock.

(c) In the event the obligation of the Company or any Subsidiary, Parent or Affiliate's to withhold arises prior to the delivery to Participant of Common Stock, or it is determined after delivery of Common Stock to Participant that the amount of the withholding obligation was greater than the amount withheld by the Company or any Subsidiary, Parent or Affiliate, Participant agrees to indemnify and hold the Company and any Subsidiary, Parent and Affiliate harmless from any failure by the Company, Subsidiary, Parent or Affiliate to withhold the proper amount.

11. RESTRICTIONS ON COMMON STOCK.

(a) Lock-Up Period. Participant hereby agrees that, if so requested by the Company or any representative of the underwriters (the "***Managing Underwriter***") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Participant shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180 day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "***Market Standoff Period***"). The Company may impose stop transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

(b) Other Restrictions. Participant hereby agrees that shares of Common Stock that Participant receives pursuant to his or her RSUs shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion. Such terms and conditions may, in the Administrator's sole discretion, be contained in such other agreement as the Administrator shall determine and which Participant hereby agrees to enter into at the request of the Company.

12. NOTICES. Any notices required to be given or delivered to the Company under the terms of this Award shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to their address as on file with the Company at the time notice is given. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

13. HEADINGS. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

14. AMENDMENT. This Agreement may be amended only by a writing executed by the Company and Participant which specifically states that it is amending this Agreement. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to Participant, and provided that no such amendment adversely impairing Participant's rights hereunder may be made without Participant's written consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to Participant, the provisions of this Agreement in any way it may deem necessary, appropriate or desirable to carry out the purpose of this grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling or judicial decision.

15. MISCELLANEOUS.

(a) The rights and obligations of the Company under the Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) Participant agrees upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of this Award.

(c) Participant acknowledges and agrees that Participant has reviewed the Award in its entirety, has had an opportunity to obtain the advice of counsel prior to executing and accepting the Award and fully understands all of its provisions.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

16. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan sponsored by the Company or any Subsidiary, Parent or Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Subsidiary, Parent or Affiliate.

17. CHOICE OF LAW. The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the state of Delaware without regard to such state's conflicts of laws rules. Participant hereby submits to the jurisdiction of the state and federal courts encompassing the location of the Company's principal headquarters for the resolution of any disputes or claims regarding this Agreement.

18. GOVERNING PLAN DOCUMENT. The Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, 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. The Award (and any compensation paid or shares issued under the Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder and any compensation recovery policy otherwise required by applicable law.

19. SEVERABILITY. If all or any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, 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.

20. SECTION 409A OF THE INTERNAL REVENUE CODE. The delivery of shares of Common Stock in respect of the RSUs provided under this Agreement (and any definitions in this Agreement and in the Grant Notice governing the Award) will be construed in a manner that is exempt from (and if not exempt from, complies with) Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively, "***Section 409A***") and incorporates by reference all required definitions and payment terms. Notwithstanding the above, the Company makes no representations to Participant regarding the compliance of this Agreement or the RSUs with Section 409A, and Participant is solely responsible for the payment of any taxes or penalties arising under Section 409A(a)(1) of the Internal Revenue Code, or any state law of similar effect, with respect to the grant or vesting of the RSUs or the delivery of the shares subject to this Award.

21. SURVIVAL. Provisions of this Agreement which by their terms must survive the termination of this Agreement in order to effectuate the intent of the parties will survive any such termination for such period as may be appropriate under the circumstances.

22. NO OBLIGATION TO MINIMIZE TAXES. The Company has no duty or obligation to minimize the tax consequences to Participant of this Award and will not be liable to Participant for any tax consequences to Participant arising in connection with this Award. Participant is hereby advised to consult with Participant's own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, Participant has agreed that Participant has done so or knowingly and voluntarily declined to do so.

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This Stock Unit Agreement will be deemed to be signed by Participant upon the signing by Participant of the Stock Unit Grant Notice to which it is attached.

Exhibit 10.17

OFFICE LEASE

by and between

CV LATITUDE 34 LLC
a Delaware limited liability company

("Landlord")

and

THE HONEST COMPANY, INC.
a Delaware corporation

("Tenant")

Dated as of

July 08, 2015

OFFICE LEASE

THIS OFFICE LEASE (this "Lease") is made between **CV LATITUDE 34 LLC**, a Delaware limited liability company ("Landlord"), and the Tenant described in *Item 1* of the Basic Lease Provisions.

LEASE OF PREMISES

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to all of the terms and conditions set forth herein, those certain premises (the "Premises") described in Item 3 of the Basic Lease Provisions and as shown in the drawing attached hereto as *Exhibit A-1*. The Premises are located in the Building described in Item 2 of the Basic Lease Provisions. The "Project" is located on that certain land (the "Land") more particularly described on *Exhibit A-2* attached hereto, which is improved with two (2) office buildings located at 12130 & 12180 Millennium Drive, related parking facilities, landscaping, and other improvements, fixtures and common areas and appurtenances now or hereafter placed, constructed or erected on the Land (sometimes referred to herein as the "Project").

BASIC LEASE PROVISIONS

1.	**Tenant:**	**THE HONEST COMPANY, INC.**, a Delaware corporation ("Tenant")
2.	**Building (individually and collectively):**	ijo at Playa Vista 12130 Millennium Drive Playa Vista, California 90094
3.	**Description of Premises**	Suites: 400, 500 & 600
	Rentable Area:	(A) 83,288 square feet of Rentable Area, consisting of (i) that certain 39,933 square feet of Rentable Area designated as Suite 400 of the Building, (ii) that certain 24,304 square feet of Rentable Area designated as Suite 500 of the Building, (iii) that certain 19,051 square feet of Rentable Area designated as Suite 600 of the Building, and (B) that certain 218 square feet of space on the first floor of the Building as shown in Exhibit A-1 attached hereto (the "Storage Space"). Landlord and Tenant agree that the Storage Space shall not be included in calculating the Tenant's Proportionate Share of Building, Tenant's Proportionate Share of Project, Tenant Improvement Allowance, Security Deposit or the number of parking passes Tenant is entitled or required to rent, as the case maybe. Base Rent for the Storage Space shall be $2.00 per square foot per month (i.e. $436.00 per month) during the first twelve (12) months of the Lease Term, increasing by three percent (3%) per year.
	Building Size:	196,252 square feet of Rentable Area (subject to Paragraph 18)
	Project:	301,642 square feet of Rentable Area (subject to Paragraph 18)

4.	**Tenant's Proportionate Share of Building:**	42.4393% (83,288 rsf/ 196,252 rsf) (See Paragraph 3)
	Tenant's Proportionate Share of Project:	27.6280% (83,288 rsf/ 301,462 rsf) (See Paragraph 3)
5.	**Base Rent:**	(See Paragraph 2)
	Months 1 to 12, inclusive	$366,467.20* ($4.40/square foot of Rentable Area/month) *Provided Tenant is not in default past applicable notice and cure periods, the monthly installment of Base Rent shall be abated for the initial ten (10) months of the Lease Term.
	Months 13 to 24, inclusive: Monthly Installment:	$377,461.22 (approximately $4.53/square foot of Rentable Area/month)
	Months 25 to 36, inclusive: Monthly Installment:	$388,785.05* (approximately $4.67/square foot of Rentable Area/month) *Provided Tenant is not in default past applicable notice and cure periods, the monthly installment of Base Rent for Month 25 shall be abated.
	Months 37 to 48, inclusive: Monthly Installment:	$400,448.60* (approximately $4.81/square foot of Rentable Area/month) *Provided Tenant is not in default past applicable notice and cure periods, the monthly installment of Base Rent for Month 37 shall be abated.
	Months 49 to 60, inclusive: Monthly Installment:	$412,462.06* (approximately $4.95/square foot of Rentable Area/month) *Provided Tenant is not in default past applicable notice and cure periods, the monthly installment of Base Rent for Month 49 shall be partially abated in the amount of $366,467.20 so that the monthly installment of Base Rent payable by Tenant for such month shall equal $45,994.86.
	Months 61 to 72, inclusive: Monthly Installment:	$424,835.92* (approximately $5.10/square foot of Rentable Area/month) *Provided Tenant is not in default past applicable notice and cure periods, the monthly installment of Base Rent for Month 61 shall be partially abated in the amount of $366,467.20 so that the monthly installment of Base Rent payable by Tenant for such month shall equal $58,36832

	Months 73 to 84, inclusive: Monthly Installment:	$437,581.00* (approximately $5.25/square foot of Rentable Area/month)
		*Provided Tenant is not in default past applicable notice and cure periods, the monthly installment of Base Rent for Month 73 shall be partially abated in the amount of $366,467.20 so that the monthly installment of Base Rent payable by Tenant for such month shall equal $71,113.80.
	Months 85 to 96, inclusive: Monthly Installment:	$450,708.43 (approximately $5.41/square foot of Rentable Area/month)
	Months 97 to 108, inclusive: Monthly Installment:	$464,229.68 (approximately $5.57/square foot of Rentable Area/month)
	Months 109 to 120, inclusive: Monthly Installment:	$478,156.58 (approximately $5.74/square foot of Rentable Area/month)
	Months 121 to 132, inclusive: Monthly Installment:	$492,501.27 (approximately $5.91/square foot of Rentable Area/month)
6.	**Installment Payable Upon Execution:**	$366,467.20 (to be applied towards the monthly installment of Base Rent first becoming due under this Lease)
7.	**Security Deposit Payable Upon Execution:**	$6,331,786.00, in the form of a letter of credit (the "Security Deposit"), but subject to Paragraph 2(c) (See Paragraph 2(c))
8.	**Base Year for Operating Expenses:**	2016 (See Paragraph 3)
	Base Year for Taxes:	2016 (See Paragraph 3)
9.	**Initial Term:**	One hundred thirty-two (132) months, commencing on the Commencement Date and ending on the day immediately preceding the one hundred thirty-second (132nd) month anniversary of the Commencement Date (the "Expiration Date") (See Paragraph 1)
10.	**Commencement Date:**	The Commencement Date shall occur on March 1, 2016, as such date is extended by Commencement Date Delays (as defined in the work letter attached hereto as Exhibit B).
11.	**Expiration Date:**	See *Item 9* above

12. **Broker(s) (See Paragraph 19(k)):**

Landlord's Broker: Lincoln Property Company
915 Wilshire Boulevard, Suite 2050
Los Angeles, CA 90017

Tenant's Broker: CRESA Los Angeles
11726 San Vicente Boulevard, Suite 500
Los Angeles, California 90049

13. **Number of Parking Passes:** Tenant shall have the right, but not the obligation except as specifically provided below, to lease up to (i) three hundred fifty-five (355) unreserved parking passes (the "Unreserved Passes") and (ii) ten (10) reserved parking passes for single self-park spaces in a location reasonably selected by Landlord in Landlord's prime reserved parking area (the "Reserved Passes"; collectively the Unreserved Passes and Reserved Passes being the "Tenant's Parking Allocation") in the Project's garage. Subject to the further terms of this Item 13, the initial location of such ten (10) reserved parking spaces is shown in Exhibit N attached hereto. if and when Landlord institutes a valet parking system at the Project, then (i) eight (8) of the Reserved Passes shall thereafter be automatically converted from Reserved Passes to valet assisted priority parking on the first level of the parking garage (the "Nested Spaces") and Landlord shall establish a call-down system for such Nested Spaces in order to permit the users of such Nested Spaces to call in advance for their automobiles, and (ii) the other two (2) of the Reserved Passes shall continue to be single self-park passes and relocated to a location reasonably designated by Landlord (it being acknowledged that Landlord shall use reasonable efforts to locate such spaces close to the Building but that the location of such parking spaces will depend upon the parking layout that Landlord and its parking vendor establish for the Building). Notwithstanding the foregoing to the contrary, at all times during the Lease Term Tenant shall lease a minimum two hundred nineteen (219) unreserved parking passes (being equal to three (3) parking passes per 1,000 usable square feet in the Premises based on 72,905 usable square feet) ("Minimum Parking Pass Floor") out of Tenant's Parking Allocation. During the initial twenty-four (24) months of the Initial Term, upon at least thirty (30) days prior written notice to Landlord and provided that Tenant does not lease less than the Minimum Parking Pass Floor, Tenant shall be permitted to increase or decrease the number of unreserved parking passes in Tenant's Parking Allocation, with such surrender or addition being effective on the first day of the next calendar month following the date that is thirty (30) days after Landlord's receipt of the Tenant's surrender notice. After the initial twenty-four (24) months of the Initial

Term, upon at least thirty (30) days prior written notice to Landlord and provided that Tenant does not lease less than the Minimum Parking Pass Floor, Tenant shall be permitted to surrender any of the parking passes in Tenant's Parking Allocation, with such surrender being effective on the first day of the next calendar month following the date that is thirty (30) days after Landlord's receipt of the Tenant's surrender notice. In the event Tenant has surrendered any of the parking passes from Tenant's Parking Allocation after such initial twenty-four (24) month period, then Tenant shall be permitted to recapture any of its surrendered parking passes from Tenant's Parking Allocation upon at least thirty (30) days prior written notice to Landlord, with such recapture being effective on the first day of the next calendar month following the date that is thirty (30) days after Landlord's receipt of the Tenant's recapture notice. During the initial ten (10) months of the Initial Term and for Months 25 and 37 of the Initial Term, the parking charges for Tenant's Parking Allocation shall be abated. Except as set forth in the previous sentence, the parking charges shall be consistent with parking rates of comparable class A office buildings with structured parking in Playa Vista, California area ("Comparable Buildings"), which as of the Effective Date of this Lease are stipulated to be $155.00 per unreserved pass per month, inclusive of taxes and fees, and $225.00 per reserved/nesting pass per month, inclusive of taxes and fees, as such rates may be amended from time to time based on the rates at Comparable Buildings.

During the Initial Term, Tenant shall have the right to purchase visitor validations at a fifteen percent (15%) discount from Landlord's then current rate charged for such visitor validations

Tenant's use of the parking passes and the parking facilities shall be pursuant to the provisions of Paragraph 18a) below. Landlord shall provide Tenant with 365 key cards free of charge following the execution and delivery of this Lease to be used for access to the garage and the Building. Additional cards shall be provided upon Tenant's written request at an additional charge of $25.00 for each access card.

As of the Effective Date of this Lease there are four (4) electric vehicle charging ports (two (2) charging stations with two (2) ports per station); provided, however, Landlord may from time to time elect to remove and/or relocate any or all of such electric vehicle charging stations in Landlord's reasonable judgment (e.g., due to any new technology innovations, such charging stations being obsolete, or any changes in the parking system that Landlord may institute from time to time such as the creation of a valet assisted parking system).

14. **Addresses for Notices:**

To: TENANT:	**To: LANDLORD:**
Prior to occupancy of the Premises:	**Project Management Office:**
The Honest Company, Inc. 2700 Pennsylvania Avenue, Suite 1200 Santa Monica, CA 90404 Attention: Head of Facilities	Lincoln Property Company 12180 Millenium Playa Vista, CA 90094 Attention: Property Manager
With a copy to:	**With a copy to:**
The Honest Company, Inc. 2700 Pennsylvania Avenue, Suite 1200 Santa Monica, CA 90404 Attention: General Counsel	CV Latitude 34 LLC c/o Clarion Partners 601 South Figueroa Street, 34' Floor Los Angeles, California 90017 Attn: Asset Manager
After occupancy of the Premises:	
The Honest Company, Inc. 12130 Millennium Drive Playa Vista, California 90094 Attention: Head of Facilities	
With a copy to:	
The Honest Company, Inc. 12130 Millennium Drive Playa Vista, California 90094 Attention: General Counsel	

15. **Address for Payment of Rent:** All payments payable under this Lease shall be sent to Landlord at the following address:

CV Latitude 34, LLC
PO Box 843845
Los Angeles, California 90084-3845

or to such other address as Landlord may designate in writing on at least ten (10) business days prior written notice.

16. **Intentionally Deleted**

17. **Effective Date:** The date on the title page

18. **Tenant Improvement Allowance:** Up to $5,830,160.00 (which is equal to $70.00 per square foot of Rentable Area in the Premises, but subject to Paragraph 19(hh) below) (See *Exhibit B*)

19. **State:** California

This Lease consists of the foregoing introductory paragraphs and Basic Lease Provisions, the provisions of the Standard Lease Provisions (the "Standard Lease Provisions") (consisting of Paragraph 1 through Paragraph 19 which follow) and *Exhibits A-1* through *Exhibit 4-2* and *Exhibits B* through *Exhibit O*. and the following Addenda: Addendum One Two Renewal Options at Market; Addendum Two- Right of First Offer and *Addendum Three-Cancellation Option*, all of which are incorporated herein by this reference. In the event of any conflict between the provisions of the Basic Lease Provisions and the provisions of the Standard Lease Provisions, the Standard Lease Provisions shall control.

STANDARD LEASE PROVISIONS

1. TERM

(a) The Initial Term of this Lease and the Rent (defined below) shall commence on March 1, 2016 (the "Commencement Date"), subject to *Item 10* of the Basic Lease Provisions. Unless earlier terminated in accordance with the provisions hereof, the Initial Term of this Lease shall be the period shown in *Item 9* of the Basic Lease Provisions. As used herein, "Lease Term" shall mean the Initial Term referred to in *Item 9* of the Basic Lease Provisions, subject to any extension of the Initial Term hereof exercised in accordance with the terms and conditions expressly set forth herein (the "Expiration Date"). Unless Landlord is terminating this Lease prior to the Expiration Date in accordance with the provisions hereof, Landlord shall not be required to provide notice to Tenant of the Expiration Date. This Lease shall be a binding contractual obligation effective upon execution hereof by Landlord and Tenant, notwithstanding the later commencement of the Initial Term of this Lease. The terms "Tenant Improvements" and "Substantial Completion" or "Substantially Completed" are defined in the attached *Exhibit B* Work Letter.

(b) Commencing on the date that is ninety (90) days following mutual execution of this Lease (the "Anticipated Delivery Date") and ending on the day immediately preceding the Commencement Date (such period being referred to as the "Pre-Term Access Period"), Tenant, and Tenant's contractors, subcontractors, consultants, and architects reasonably approved by Landlord to the extent required by the Work Letter shall have the right to access and occupy the Premises (the "Pre-Term Access") for the purpose of designing and constructing the Tenant Improvements pursuant to the Work Letter, including, without limitation, installing Tenant's furniture, equipment, computer and phone cabling and wiring systems, in the Premises, and for commencing business operations from the Premises. Notwithstanding the foregoing, Tenant and its architects, consultants and engineers may access the Premises commencing on the mutual execution of this Lease in order to inspect the Premises in connection with the design of the Tenant Improvements; provided, however, in no event shall Tenant commence construction (including but not limited to the installation of any cabling/wiring and/or installation of Tenant's furniture, fixtures or equipment) of its Tenant Improvements in the Premises prior to the Anticipated Delivery Date. Except for the payment of Base Rent, Additional Rent or charges for the parking passes (which Tenant and its contractors shall have the right to use during such Pre-Term Access period) under this Lease, all other terms, conditions, rules, regulations and obligations of Tenant with respect to the Premises, as set forth in this Lease but subject to the terms of the Work Letter, shall apply during the Pre-Term Access Period. Any such Pre-Term Access shall be subject to Tenant providing to Landlord reasonably satisfactory evidence of the insurance required to be carried by Tenant hereunder prior to the commencement of the Pre-Term Access Period, including such insurance from Tenant's contractors, as is required by the Work Letter. Except as otherwise expressly set forth herein, any delay in putting Tenant in possession of the Premises due to such Pre-Term Access Period shall not serve to extend the term of this Lease or to make Landlord liable for any damages arising therefrom. During any such Pre-Term Access Period, Tenant hereby acknowledges that Landlord and its contractors, subcontractors and agents will be constructing that certain work further described in Exhibit H attached hereto (the "Landlord's Work") and the Landlord Responsibility Rooftop Deck Work (as defined in Paragraph 19(hh) below). All of the Landlord's Work will be completed by the Anticipated Delivery Date other than items (vi), (vii), (viii) and (xi) listed on Exhibit H. In connection with Landlord's Work not completed by the Anticipated Delivery Date and Landlord Responsibility Rooftop Deck Work, Tenant and Landlord agree that their contractors, subcontractors, consultants, and architects will cooperate and work with the contractors, subcontractors, consultants and agents of the other in order to minimize any interference with each other's work and further agree to prioritize the Landlord Responsibility Rooftop Deck Work which may affect the design and construction of the Tenant Improvements so that such work is completed as early as reasonably possible after the execution and delivery of the Lease. If Tenant or its contractors, subcontractors or agents interfere with the completion of the Landlord's Work with respect to the Premises and Tenant and its contractors, subcontractors or agents fail to cease such interference within two (2) business day after written notice by Landlord, then Landlord may require Tenant to temporarily cease construction activities in order for Landlord to complete such Landlord's Work. Landlord and Tenant shall each use good faith commercially reasonable efforts to cause their respective contractors to cooperate with each other in order to minimize any disruption with the completion of the Landlord's Work and/or Tenant Improvements. Landlord shall deliver the Premises "water tight" with all exterior doors secure and tied into Tenant's security system (but only if Tenant has timely installed its security system on the schedule required by Landlord) with the Landlord's Work (other than items (vi), (vii), (viii) and (xi)) complete on or prior to the Anticipated Delivery Date. In the event Landlord cannot provide a temporary certificate of occupancy for the Building due to events out of Landlord's control (i.e. weather, acts of God), Landlord will provide a temporary egress plan and attempt to obtain the approval from the City

of Los Angeles for Tenant's occupancy. In the event Landlord misses any of the dates set forth in this Section 1(b) and Landlord's failure to meet any such dates causes an actual delay in the completion of the Tenant Improvements with respect to the Premises (as evidenced by written proof furnished by Tenant), then for each day of delay, Tenant shall receive one (1) day of free Base Rent applicable to the Premises to be applied after the Commencement Date; provided, however, all such dates shall be postponed one day for every day of Tenant Delay (as defined below) and Force Majeure Delays (as defined below). As used herein the term "Tenant Delay" shall mean any delays in the completion of any of the foregoing work (i.e., the Landlord's Work and the Landlord Responsibility Rooftop Deck Work) due to (i) interference by Tenant or its contractors, subcontractors or agents in the completion of Landlord of any of the foregoing work, (ii) any alterations or modifications to the foregoing work required as a result of the design of the Tenant Improvements being constructed by Tenant, or (iii) any breach by Tenant of any of its obligations under this Lease. "Force Majeure Delays" shall mean any delays in the performance of Landlord's or Tenant's obligations hereunder when caused by any of the following events to the extent beyond the Landlord's or Tenant's reasonable control: strikes, lockouts, labor disputes, acts of God (which for purposes of the performance by Landlord of the Tenant Improvements shall include weather delays), inability to obtain labor or materials or reasonable substitutes therefore, new governmental restrictions that are promulgated after the Effective Date, governmental controls that are enacted after the Effective Date, delay in inspections or the issuance of permits on an objective basis in excess of normal time periods to receive such inspections or permits (provided that Landlord or Tenant complies with industry standard in the submittal process of such permits to the appropriate governmental authority), enemy or hostile governmental action, civil commotion, and fire or other casualty.

(c) [Intentionally Deleted].

(d) Within six (6) months following the Commencement Date, Landlord shall deliver to Tenant a Tenant's Commencement Letter ("Commencement Letter") in the form as set forth in Exhibit E, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within fifteen (i 5) business days of receipt thereof (provided that if said notice is not factually correct, then Tenant shall make such changes as are necessary to make the notice factually correct and shall thereafter execute and return such notice to Landlord within such fifteen (15) business day period). If Landlord fails to respond to Tenant's revised notice within ten (10) days business days following Landlord's receipt thereof, then Tenant shall request Landlord's confirmation of Tenant's changes in writing (the "Request for Confirmation of Commencement Letter"), which Request for Confirmation of Commencement Letter shall state in bold print that Landlord's failure to respond within five (5) business days following Landlord's receipt thereof shall be deemed to be Landlord's approval of the Commencement Letter as revised by Tenant. Such modified Commencement Letter shall be binding unless Landlord within five (5) business days following receipt of the Request for Confirmation of Commencement Letter sends a notice to Tenant rejecting Tenant's changes, whereupon this procedure shall be repeated until the parties mutually agree upon the contents of the Commencement Letter. In the event Landlord shall fail to send Tenant the Commencement Letter within six (6) months following the Commencement Date, Tenant may send to Landlord notice of the occurrence of the Commencement Date substantially in the form of the Commencement Letter, which Commencement Letter Landlord shall acknowledge by executing a copy of the Commencement Letter and returning it to Tenant (provided that if said Commencement Letter is not factually correct, Landlord shall make such reasonable changes to the Commencement Letter as are necessary to make such Commencement Letter factually correct, which revised Commencement Letter shall thereafter be subject to the procedure for finalization set forth in this Paragraph 1(d)). Once the Commencement Letter is executed and delivered by Landlord and Tenant, the same shall be binding upon Landlord and Tenant.

2. BASE RENT AND SECURITY DEPOSIT

(a) Tenant agrees to pay during each month of the Lease Term as Base Rent ("Base Rent") for the Premises the sums shown for such periods in Item 5 of the Basic Lease Provisions, except as otherwise provided herein.

(b) Except as expressly provided to the contrary herein, Base Rent shall be payable in consecutive monthly installments, in advance, without demand, deduction or offset, commencing on the Commencement Date and continuing on the first day of each calendar month thereafter until the expiration of the Lease Term. The first full monthly installment of Base Rent shall be payable upon Tenant's execution of this Lease. The obligation of Tenant to pay Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. If

the Commencement Date is a day other than the first day of a calendar month, or the Lease Term expires on a day other than the last day of a calendar month, then the Rent for such partial month shall be calculated on a per diem basis. In the event Landlord delivers possession of the Premises to Tenant prior to the Commencement Date, Tenant agrees it shall be bound by and subject to all terms, covenants, conditions and obligations of this Lease during the period between the date possession is delivered and the Commencement Date, other than the payment of Base Rent, Additional Rent and parking charges, in the same manner as if delivery had occurred on the Commencement Date.

(c) Simultaneously with the Tenant's execution and delivery of this Lease, Tenant shall deliver to Landlord the Letter of Credit (as defined below) as the Security Deposit hereunder. Landlord shall not be required to keep any proceeds of the Letter of Credit, to the extent drawn, separate from its general funds and Tenant shall not be entitled to interest thereon. With respect to the Letter of Credit, it shall be in the form of a Letter of Credit (the "Letter of Credit"), substantially in the form and substance as set forth in Exhibit G attached hereto, from a bank acceptable to Landlord in Landlord's reasonable determination (which approval shall not be unreasonably withheld and shall be granted or denied within ten (10) business days) in the initial amount of the Security Deposit, as set forth in Item 7 of the Basic Lease Provisions, as security for the performance of the provisions hereof by Tenant. As of the Date of this Lease, Landlord hereby approves City National Bank as the Bank if selected by Tenant. At a minimum the Letter of Credit shall provide for the following: (i) it shall terminate no sooner than thirty days following the actual expiration date of the Lease Term, or, if it shall terminate earlier, the Letter of Credit shall provide that it will automatically renew or be replaced annually unless Landlord (the beneficiary thereof) is notified in writing by the issuer at least thirty (30) days prior to the expiration date that the Letter of Credit will not be renewed or replaced; and if Landlord is so notified of such non-renewal/non-replacement and Tenant does not replace the Letter of Credit on or prior to the date which is thirty (30) days prior to the expiration of the current Letter of Credit, Landlord (the beneficiary thereof) shall have the right to draw the full amount of such Letter of Credit prior to such earlier expiration date and the amounts so drawn shall be held by Landlord as a Security Deposit, and applied and disbursed in accordance with the terms of the next following Paragraph (provided, however, Landlord shall deliver such proceeds to Tenant within ten (10) business days following Tenant's posting of a new Letter of Credit which complies with the terms of this Paragraph 2(b)); (b) it shall be irrevocable, and (c) it shall be transferable to any successor to Landlord's entire interest under this Lease and the Building. If at any time during the Lease Term the bank or financial institution that issues the letter of credit is declared insolvent, or is placed into receivership by the Federal Deposit Insurance Corporation or any other governmental or quasi-governmental institution, or if the bank or financial institution that issues the letter of credit does not have a "Short Term Issuer Default" Fitch Rating of at least "F 1", and a "Long Term Issuer Default" Fitch Rating of at least "A" (or in the event such Fitch Ratings are no longer available, a comparable rating from Standard and Poor's Professional Rating Service or Moody's Professional Rating Service), then following written notice from Landlord, Tenant shall have thirty (30) days to replace the Letter of Credit with a new letter of credit from a bank or financial institution acceptable to Landlord in Landlord's reasonable discretion (which approval shall not be unreasonably withheld and shall be granted or denied within ten (10) business days). If Tenant does not replace the Letter of Credit with a new letter of credit from a bank or financial institution reasonably acceptable to Landlord within such fifteen (15) business day period, then notwithstanding anything in the Lease to the contrary, Landlord shall have the right to draw upon the Letter of Credit for the full amount of the Letter of Credit and retain and apply such proceeds from the Letter of Credit in accordance with the terms of this Paragraph 2(c) regarding the Security Deposit.

Provided no event of default past applicable cure periods by the Tenant exists as of the last day of the forty-eighth (48th) month of the Initial Term, then the amount of the Letter of Credit may be reduced on the first day of the forty-ninth (49th) month of the Initial Term by the sum of $949,768.00 (i.e., equal to 15% of the original Letter of Credit amount) so that the Letter of Credit deposited with Landlord thereafter shall be in the sum of $5,382,018.00. Provided no event of default past applicable cure periods by the Tenant exists as of the last day of the sixtieth (60th) month of the Initial Term, then the amount of the Letter of Credit may be reduced on the first day of the sixty-first (61st) month of the Initial Term by the sum of $949,768.00 (i.e., equal to 15% of the original Letter of Credit amount) so that the Letter of Credit deposited with Landlord thereafter shall be in the sum of $4,432,250.00. Provided no event of default past applicable cure periods by the Tenant exists as of the last day of the seventy-second (72nd) month of the Initial Term, then the amount of the Letter of Credit may be reduced on the first day of the seventy-third (73rd) month of the Initial Term by the sum of $949,768.00 (i.e., equal to 15% of the original Letter of Credit amount) so that the Letter of Credit deposited with Landlord thereafter shall be in the sum of $3,482,482.00. Provided no event of default past applicable cure periods by the Tenant exists as of the last day of the eighty-fourth (84th) month of the Initial Term, then the amount of the Letter of Credit may be reduced on the first day of the eighty-fifth (85th) month

of the Initial Term by the sum of $949,768.00 (i.e., equal to 15% of the original Letter of Credit amount) so that the Letter of Credit deposited with Landlord thereafter shall be in the sum of $2,532,714.00. Provided no event of default past applicable cure periods by the Tenant exists as of the last day of the ninety-sixth (96th) month of the Initial Term, then the amount of the Letter of Credit may be reduced on the first day of the ninety-seventh (97th) month of the Initial Term by the sum of $949,768.00 (i.e., equal to 15% of the original Letter of Credit amount) so that the Letter of Credit deposited with Landlord thereafter shall be in the sum of $1,582,946.00. Provided no event of default past applicable cure periods by the Tenant exists as of the last day of the one hundred eighth (108th) month of the Initial Term, then the amount of the Letter of Credit may be reduced on the first day of the one hundred ninth (109th) month of the Initial Term by the sum of $949,768.00 (i.e., equal to 15% of the original Letter of Credit amount) so that the Letter of Credit deposited with Landlord thereafter shall be in the sum of $633,178.00. Provided no event of default past applicable cure periods by the Tenant exists as of the last day of the one hundred twentieth (120th) month of the Initial Term, then the amount of the Letter of Credit may be reduced on the first day of the one hundred twenty-first (121st) month of the Initial Term by the sum of $140,676.73 so that the Letter of Credit deposited with Landlord thereafter shall be in the sum of $492,501.27.

Notwithstanding the preceding paragraph to the contrary, if prior to the first scheduled reduction of the Letter of Credit Tenant satisfies all of the Financial Conditions (as defined below), then Landlord agrees that in lieu of the reduction schedule in the immediately preceding paragraph, the Letter of Credit shall be reduced by the sum of $949,768.00 (i.e., equal to 15% of the original Letter of Credit amount) so that the Letter of Credit deposited with Landlord thereafter shall be in the sum of $5,382,018.00. Thereafter, on each anniversary of such reduction date and in lieu of the reduction schedule in the immediately preceding paragraph, there shall be a further reduction of the Letter of Credit by the amount of $949,768.00, if all Financial Conditions are satisfied on such anniversary of the reduction date until such time as the Letter of Credit amount is equal to the last month's Base Rent amount of $492,501.27 (i.e., it being acknowledged that the final burn down in order to achieve a Letter of Credit amount equal to the last month's Base Rent shall be in the amount of $140,676.73). As used herein the term "Financial Conditions" shall mean that all of the following have occurred and are satisfied: (i) Tenant has conducted an initial public offering of its stock on a nationally recognized public exchange and has a market capitalization of at least $1,100,000,000, (ii) Tenant has an annual EBITDA margin of at least twelve percent (12%) for the previous two (2) year period from the date of the proposed reduction of the Letter of Credit, (iii) Tenant has an annual leverage ratio (i.e., Total debt-to-EBITDA) of two (2) times or less for the previous two (2) year period from the date of the proposed reduction of the Letter of Credit, (iv) Tenant has cash reserves of at least $40,000,000 at all times for the entirety of the preceding two (2) year period from the date of the proposed reduction of the Letter of Credit and (v) Tenant has annual revenues of at least $400,000,000 for each year in the preceding two (2) year period from the date of the proposed reduction of the Letter of Credit.

If as of any date of reduction identified above, Tenant is then in default beyond applicable notice and cure periods, such reduction shall be delayed until the date Tenant has cured all defaults under this Lease. In the event that Tenant complies with terms and conditions set forth in this Paragraph 2(c), then effective as of the date of the applicable date of reduction identified above, Tenant shall have the right to reduce the amount of the Letter of Credit as set forth above via the delivery to Landlord of either (x) an amendment to the existing Letter of Credit (in form and content reasonably acceptable to Landlord in accordance with this Paragraph 2(c)) modifying the Letter of Credit amount to the amount then required under this Paragraph 2(c), or (y) an entirely new Letter of Credit (in the form and content otherwise required in this Paragraph 2(c)) in the total Letter of Credit amount then required under this Paragraph 2(c). Any reduction in the Letter of Credit amount shall be accomplished by Tenant providing Landlord, at Tenant's expense, with a substitute Letter of Credit or an amendment to the existing Letter of Credit in the reduced amount and otherwise in accordance with the terms and conditions of this Paragraph 2(c). Landlord agrees to execute any documents reasonably requested by the issuer of the Letter of Credit (provided such documents are factually accurate and provided further that the subject reduction is permitted under the terms of this Paragraph 2(c)) within fifteen (15) business days after receipt of written request from Tenant or such issuer in order to accomplish such reductions and Landlord's failure to timely execute and deliver such documents shall be a default under this Lease upon the expiration of five (5) business days' notice from Tenant that Landlord has failed to perform such obligation, which such second notice shall provide in bold, all-capital letters at the top of such second notice as follows: "LANDLORD'S FAILURE TO EITHER (1) EXECUTE THE ATTACHED DOCUMENTATION REGARDING THE REDUCTION OF THE LETTER OF CREDIT IN ACCORDANCE WITH PARAGRAPH 2(C) OF THE LEASE OR (II) PROVIDE ITS WRITTEN OBLIGATIONS TO THE REQUEST TO EXECUTE THE ATTACHED DOCUMENTATION, WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS SECOND NOTICE SHALL BE A DEFAULT BY LANDLORD UNDER THIS LEASE."

If Tenant defaults with respect to any provision of this Lease beyond applicable notice and cure periods, including, without limitation, the provisions relating to the payment of Rent or the delivery condition of the Premises upon the termination of this Lease, or amounts which Landlord may be entitled to recover pursuant to the provisions of Section 1951.2 of the California Civil Code, Landlord may draw down the Letter of Credit and use, apply or retain such portion of the proceeds from the Letter of Credit as may be necessary (i) for the payment of any Rent or any other sum in default beyond applicable notice and cure periods, (ii) for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default hereunder beyond applicable notice and cure periods, or (iii) to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default hereunder beyond applicable notice and cure periods. The use or application of the proceeds from the Letter of Credit shall not prevent Landlord from exercising any other right or remedy provided hereunder or under any Law and shall not be construed as liquidated damages. In the event Landlord draws down the Letter of Credit pursuant to the terms of this Lease, Landlord shall not be required to keep the proceeds of the Letter of Credit separate from its general funds and Tenant shall not be entitled to interest thereon.

If any portion of the Letter of Credit is so used or applied, Tenant shall, upon demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit or provide Landlord with a substitute Letter of Credit in the amount required hereunder within ten (10) business days to the appropriate amount, as determined hereunder. The Security Deposit or any unapplied 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 following the expiration or sooner termination of this Lease. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code. Tenant also waives all provisions of law, now or hereafter in force, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage caused by the act or omission of Tenant or any Tenant Affiliates (as defined in Paragraph 6(g)(i) below). The Letter of Credit shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) its entire interest in and to the Letter of Credit to another party, person or entity that has an interest in the Project or this Lease (including any lender with an interest in the Project). In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the Letter of Credit, in whole only, to the transferee. In connection with any such transfer of the Letter of Credit by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the bank such applications, documents and instruments as may be necessary to effectuate such transfer and Tenant shall be responsible for paying the bank's transfer and processing fees in connection with the first transfer and Landlord shall be responsible for paying the bank's transfer and processing fees in connection with any subsequent transfer.

(d) The parties agree that for all purposes hereunder the Premises, Building and Project shall be stipulated to contain the number of square feet of Rentable Area described in Item 3 of the Basic Lease Provisions. Prior to the extension of the Lease Term, pursuant to the terms of Addendum One attached hereto, at Landlord's option Landlord's space planner shall verify the exact number of square feet of Rentable Area in the Premises in accordance with any new standard promulgated by the Building Owners and Managers Association International or such other standard utilized at the time by institutional landlords of comparable buildings. If there is a variation from the number of square feet specified in *Item 3* of the Basic Lease Provisions, then in connection with any amendment to the Lease extending the Lease Term Landlord and Tenant shall make appropriate adjustments based on such remeasurement. In no event shall any such remeasurement be applicable during the Initial Term of this Lease. Landlord calculated the Rentable Area of the Premises, Building and Project described in Item 3 of the Basic Lease Provisions using the revised American National Standard for Measuring Floor Area in Office Buildings, published by the Building Owners and Managers Association International (BOMA/ANSI-Z65.1-2010) as a guideline.

3. ADDITIONAL RENT

(a) If after December 31, 2016, Operating Expenses (defined below) for the Project for any calendar year during the Lease Term exceed Base Operating Expenses (defined below), Tenant shall pay to Landlord as additional rent ("Additional Rent") an amount equal to Tenant's Proportionate Share (defined below) of such excess in accordance with this Paragraph 3. If after December 31, 2016, Taxes (defined below) for the Project for any calendar

year during the Lease Term exceed Base Taxes (defined below), Tenant shall pay to Landlord as Additional Rent an amount equal to Tenant's Proportionate Share (defined below) of such excess in accordance with this Paragraph 3. Without limitation on other obligations of Landlord and Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Paragraph 3 attributable to the period of time prior to the Expiration Date or earlier termination of this Lease, and Landlord's obligation to refund to Tenant any overpayments of such Additional Rent shall survive the expiration of the Lease Term; provided, however, that any such payments made by Tenant of any Additional Rent or any refund to Tenant by Landlord of any overpayments of such Additional Rent shall not constitute a waiver by either Tenant or Landlord, as the case may be, of any amount that Tenant or Landlord (as the case may be) contend are in dispute to the extent that any such payments or refunds are made "under protest" whether or not designated as such concurrently with any such payment and/or refund. Notwithstanding anything herein to the contrary, the Additional Rent shall be abated for the initial twelve (12) months of the Initial Term.

(b) "Tenant's Proportionate Share" of the Building is, subject to the provisions of Paragraph 18, the percentage number described in Item 4 of the Basic Lease Provisions and represents, subject to the provisions of Paragraph 18, a fraction, the numerator of which is the number of square feet of Rentable Area in the Premises and the denominator of which is the number of square feet of Rentable Area in the Building. "Tenant's Proportionate Share" of the Project is, subject to the provisions of Paragraph 18, the percentage number described in Item 4 of the Basic Lease Provisions and represents, subject to the provisions of Paragraph 18, a fraction, the numerator of which is the number of square feet of Rentable Area in the Premises and the denominator of which is the number of square feet of Rentable Area in the Project.

(c) "Base Operating Expenses" means all Operating Expenses incurred or payable by Landlord during the calendar year specified as Tenant's Base Year in Item 8 of the Basic Lease Provisions. "Base Year Taxes" means all Taxes incurred or payable by Landlord during the calendar year specified as Tenant's Base Year in Item 8 of the Basic Lease Provisions.

(d) The definitions of Operating Expenses and Taxes for purposes of calculating Tenant's Additional Rent are set forth in this Paragraph 3(d).

(i) "Operating Expenses" means, except as otherwise provided herein, all costs, expenses and obligations incurred or payable by Landlord in connection with the operation, ownership, management, repair or maintenance of the Building and the Project during or allocable to the Lease Term, all as determined in accordance with sound real estate accounting and management principles consistently applied, including without limitation, the following:

The cost of services and utilities (including taxes and other charges incurred in connection therewith) provided to the Premises, the Building or the Project, including, without limitation, water, electrical, power, gas, sewer, waste disposal, telephone and cable television facilities, fuel, supplies, equipment, tools, materials, service contracts, janitorial services, waste and refuse disposal, window cleaning, maintenance and repair of sidewalks and Building exterior and services areas (including any exterior doors/windows whether or not located in the Premises), gardening and landscaping; the cost to operate, repair and maintain any Common Area amenity in the Project offered for free to occupants of the Project (e.g., a gymnasium, outdoor cabanas, fire pits, or hammocks (provided that in no event shall Landlord be obligated to provide any such amenities)), subject to the provisions of this Paragraph 3(d)(i); the cost of compensation, including employment, welfare and social security taxes, paid vacation days, disability, pension, medical and other fringe benefits of all persons (including independent contractors) who perform services connected with the operation, maintenance, repair or replacement of the Project, subject to the provisions of this Paragraph 3(d)(i); any association assessments, costs, dues and/or expenses relating to the Project, personal property taxes on and maintenance and repair of equipment and other personal property used in connection with the operation, maintenance or repair of the Project; repair of window coverings provided by Landlord in the premises of tenants in the Project; such reasonable auditors' fees and legal fees as are incurred in connection with the operation, maintenance or repair of the Project; a property management

fee (which fee may be imputed if Landlord has internalized management or otherwise acts as its own property manager), subject to the provisions of this Paragraph 3(d)(i); the maintenance of any easements or ground leases benefiting the Project, whether by Landlord or by an independent contractor; license, permit and inspection fees; costs and expenses associated with a property management office for the Project, provided if such property management office serves more than just the Project, then the costs of such property management office shall be prorated among the various projects that it serves; all costs and expenses required for any reason by any governmental or quasi-governmental authority or by applicable law enacted following the Date of this Lease; the cost of any capital improvements, capital repairs and capital expenditures made to the Project by Landlord (i) required by any new (or change in) laws, rules or regulations of any governmental or quasi-governmental authority which are enacted or made applicable to the Project after the Date of this Lease, (ii) intended to improve life-safety systems, or (iii) to reduce operating expenses, but only to the extent that such operating expenses are actually reduced (such costs to be amortized over useful life together with interest thereon at the rate of eight percent per annum or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of funding such improvements) (collectively, the "Permitted Capital Expenditures"); the cost of air conditioning, heating, ventilating, plumbing, elevator non-capital maintenance and repair (to include the replacement of components) and other mechanical and electrical systems non-capital repair and maintenance; sign maintenance; non-capital Common Area (defined below) repair, resurfacing, operation and maintenance; the reasonable cost for temporary lobby displays and events commensurate with the operation of a similar class building, and the cost of providing security services, if any, deemed appropriate by Landlord; and all costs incurred by Landlord incurred or payable by Landlord in connection with insurance for the Building or Project or portions thereof, including, but not limited to, public liability, fire, property damage, wind, hurricane, earthquake, terrorism, flood, rental loss, rent continuation, boiler machinery, business interruption, contractual indemnification and All Risk or Causes of Loss Special Form coverage insurance for up to the full replacement cost of the Project and such other insurance and with such deductibles not to exceed those as are customarily carried by operators of Comparable Buildings and the deductible portion of any insured loss otherwise covered by such insurance (except as otherwise provided herein).

Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(A) other than with respect to any Common Area amenity in the Project offered for free to occupants of the Project (which such costs and expenses are included in Operating Expenses), all costs and expenses of operation of any health club, restaurants and retail space in the Project;

(B) cost of above standard cleaning or other services provided selectively to one or more tenants (other than Tenant) without full reimbursement;

(C) wages, salaries, fees, and fringe benefits paid to executive personnel or officers or partners of Landlord, or any other personnel located at Landlord's corporate office, or to anyone above the level of senior Project general manager;

(D) any charge for depreciation or amortization of the Project or equipment and any interest or other financing charge (except that interest and amortization shall be included with respect to Permitted Capital Expenditures as provided herein);

(E) all costs relating to activities for the marketing, solicitation and execution or renewal of leases of space in the Project, including, without limitation, advertising, printing costs and brochures, space planning, tenant allowances, leasehold improvements and other tenant concessions;

(F) costs associated with the sale or refinancing of the Project, including, without limitation, consulting or brokerage commissions, origination fees or points, and interest cost or charges;

(G) costs associated with the acquisition, sale or financing of the fee, ground lease, air rights or development rights with respect to the Project;

(H) cost of decorating, redecorating, or tenant installations incurred in connection with preparing space for a new tenant (or retaining a tenant);

(I) all costs for which Tenant or any other tenant in the Project is being charged other than pursuant to the operating expense clauses;

(J) the cost of correcting defects in the initial construction of the Project;

(K) the cost of any items for which Landlord is reimbursed by insurance or otherwise compensated by parties other than tenants of the Project pursuant to clauses similar to this paragraph;

(L) costs of capital expenditures, except Permitted Capital Expenditures as provided above;

(M) any operating expense representing any amount paid to a related corporation, entity, or person which is in excess of the amount which would be paid to a qualified first class unaffiliated third party on a competitive basis;

(N) the cost of any work or service performed for or facilities furnished to any tenant of the Project, without charge, to a greater extent or in a manner more favorable to such tenant than that performed for or furnished to Tenant;

(O) the cost of overtime or other expense to Landlord in curing its defaults;

(P) costs arising from the gross negligence or willful misconduct of Landlord;

(Q) costs incurred relating to the removal, remediation or treatment of Hazardous Material;

(R) fees payable by Landlord for management of the Project in excess of three and one-half percent (3.5%) of Landlord’s gross rental revenues, adjusted and grossed up to reflect a one hundred percent (100%) occupancy of the Project, including base rent, pass-throughs, and parking fees (but excluding the cost of after-hours services or utilities) from the Project for any calendar year or portion thereof;

(S) penalties and interest charges as a result of not paying bills when due or within any grace period;

(T) ground rent or similar payments to a ground lessor;

(U) costs related to Landlord’s charitable or political contributions;

(V) costs including attorney fees arising from claims, potential disputes or disputes between Landlord and tenants of the Project;

(W) any profit related to the excess collection of Operating Expenses or collection of Operating Expenses in excess of 100% of the actual Operating Expenses;

(X) legal fees related to construction, leasing, sale or litigation with respect to the Project;

(Y) accounting fees related to construction, sale or litigation with respect to the Project (it being acknowledged that accounting fees in connection with leasing the Building or Project shall be included in Operating Expenses);

(Z) penalties and fines of any kind including non-compliance with any applicable building or fire code;

(AA) cost to purchase artwork or works of art for the decoration of any lobbies or common areas;

(BB) any reserves;

(CC) principal payments on mortgages and other debt costs, if any;

(DD) brokerage fees incurred in connection with leasing of the Project;

(EE) any bad debt loss, rent loss, or reserves for bad debts or rent loss;

(FF) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Project, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(GG) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of senior Project general manager;

(HH) any compensation paid to clerks, attendants or other persons in commercial concessions (other than in connection with the adjacent parking structure or in connection with any Common Area amenity in the Project offered for free to occupants of the Project) operated by or on behalf of the Landlord;

(II) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment (i) which are not commercially reasonable either as to type or amount (based upon the practices of landlords of the Comparable Buildings), and (ii) which if purchased the cost of which would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Project which is used in providing janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Project;

(JJ) all items and services for which Tenant or any other tenant in the Project is obligated to reimburse Landlord (other than de minimus amounts) outside of base rent or additional rent, or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(KK) any finder's fees, brokerage commissions, job placement costs or job advertising cost, other than with respect to a receptionist or secretary in the Project office, once per year;

(LL) any above Building standard cleaning, including, but not limited to construction cleanup;

(MM) the cost of any training or incentive programs, other than for tenant life safety information services;

(NN) legal fees and costs, settlements, judgments or awards paid or incurred because of disputes between Landlord and Tenant, Landlord and other tenants or prospective occupants or prospective tenants/occupants or providers of goods and services to the Project;

(OO) legal fees and costs concerning the negotiation and preparation of this Lease or any other lease in the Project or any litigation between Landlord and Tenant;

(PP) costs for extra or after-hours HVAC, utilities or services which are provided to Tenant and or any occupant of the Project and as to which either (x) Tenant is separately charged, or (y) the same is not offered or made available to Tenant at no charge;

(QQ) insurance deductibles in excess of customary deductible amounts carried by landlords of the Comparable Buildings, provided, however, that in connection with any insurance deductible amounts included in Operating Expenses as a result of an earthquake which are for items otherwise classified as capital items, such amounts shall be amortized into Operating Expenses over a period of fifteen (15) years;

(RR) costs associated with material portions of the Common Areas dedicated for the exclusive use of other tenants of the Project, except to the extent Tenant is given its pro-rata share (rentable square feet in the Premises in relation to rentable square feet in the Project) of comparable Common Areas;

(SS) advertising and promotional expenses and costs of signs in or on the Building identifying the owner of the Building or other tenants' signs (provided, however, the maintenance costs of any multi-tenant signs can be included in Operating Expenses);

(TT) costs due to violations of any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Project ("Underlying Documents"), or to create any future Underlying Documents (as opposed to payments under any future Underlying Documents otherwise includable as an Operating Expense hereunder);

(UU) the costs of any flowers, gifts, balloons, etc. provided to any prospective tenants, Tenant, other tenants, and occupants of the Building;

(VV) costs reimbursed to Landlord under any warranty carried by Landlord for the Building and.'or the Project, which warranties Landlord shall use commercially reasonable efforts to enforce and such costs of enforcements shall be included in Operating Expenses;

(WW) any "validated" parking for any entity;

(XX) costs of parties or events not open to all tenants of the Building;

(YY) any dining or travel expenses not directly related to the management functions of the Project;

(ZZ) costs of any "tap fees" or any sewer or water connection fees for the benefit of any particular tenant in the Building or the Project;

(AAA) costs of magazine and newspaper subscriptions;

(BBB) costs related to removal or treatment of asbestos or asbestos containing material and/or ground water contamination; and

(CCC) any costs (amortized or otherwise) relating to the Landlord's Work (as defined in Exhibit H attached hereto) or any initial Project renovations (the "Building Renovations") currently underway as of the Effective Date of this Lease.

(ii) "Taxes" shall mean any form of assessment, license fee, license tax, business license fee, commercial rental tax, levy, charge, improvement bond, tax, water and sewer rents and charges, utilities and communications taxes and charges or similar or dissimilar imposition imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, or any other governmental charge, general and special, ordinary and extraordinary, foreseen and unforeseen, which may be assessed against any legal or equitable interest of Landlord in the Premises, Building, Common Areas or Project. Taxes shall also include, without limitation:

(A) any tax on Landlord's "right" to rent or "right" to other income from the Premises or as against Landlord's business of leasing the Premises;

(B) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June, 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges be included within the definition of "Taxes" for the purposes of this Lease;

(C) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or other premises in the Building or the rent payable by Tenant hereunder or other tenants of the Project, including, without limitation, any gross receipts tax or excise tax levied by state, city or federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof but not on Landlord's other operations;

(D) any assessment, tax, fee, levy or charge upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises;

(E) any assessment, tax, fee, levy or charge by any governmental agency related to any governmentally mandated transportation plan, fund or system (including assessment districts) instituted within the geographic area of which the Project is a part;

(F) any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Taxes; and/or

(G) refunds of Taxes shall be credited against Taxes and refunded to Tenant regardless of when received, based on the calendar year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such calendar year exceed the total amount paid by Tenant as Additional Rent under this Paragraph 3(ii) for such calendar year. All special assessments which may be paid in installments shall be paid by Landlord in the maximum number of installments permitted by law and not included in Taxes except in the year in which the assessment is actually paid; provided, however, that if the prevailing practice in Comparable Buildings is to pay such assessments on an early basis, and Landlord pays the same on such basis, such assessments shall be included in Taxes in the year paid by Landlord. if Taxes for any period during the Lease Term or any extension thereof are increased or decreased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord, within thirty (30) days following written demand by Landlord, Tenant's Proportionate Share of any such increased Taxes included by Landlord as Taxes pursuant to the terms of this Lease, or Landlord shall provide Tenant with a credit against Rent next coming due under the Lease in the amount of Tenant's Proportionate Share of any such decreased Taxes included by Landlord

as Taxes pursuant to the terms of the Lease (until such amount has been fully credited to Tenant), as the case may be. Notwithstanding anything to the contrary contained in this Paragraph 3(ii), there shall be excluded from Taxes (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, transfer taxes, excise taxes, special assessments levied against property other than real estate, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project) unless any such income, franchise, transfer or profit taxes are in substitution for any Taxes payable hereunder, (ii) any items included as Operating Expenses, and (iii) any items paid directly by Tenant or other occupants under this Lease or their lease, (iv) tax penalties, interest or late charges, and (v) any amounts charged directly to Tenant or other tenants.

Notwithstanding the foregoing to the contrary, in the event the Building is not fully occupied and assessed for Taxes during the entire Base Year, including with the Building Renovations (as defined in Paragraph 3(d)(i)(CCC)) constructed and assessed and because a portion of the Building is in shell condition (as opposed to fully built-out with tenant improvements), then for purposes of calculating Tenant's excess Taxes in years following the Base Year, the Taxes in the Base Year shall be adjusted in order to take into account a fully occupied and assessed Building, as provided above. For example, in the event the Taxes for the 2016 Base Year are not based on a fully assessed and occupied Building, as provided above, for the entire Base Year but the Building's Taxes are fully assessed in the calendar year 2017, then for purposes of determining Tenant's Proportionate Share of Taxes for the 2017 calendar year, the Taxes shall be determined based on the statutory increase that was applied (e.g., two percent increase) from the 2016 calendar year. Commencing with the calculation of Tenant's Proportionate Share of Taxes for the 2018 calendar year, the Taxes for the Base Year shall be adjusted to the amount of Taxes for the 2017 calendar year (i.e., being on a fully occupied and assessed Building for the entire year). Once the Building is fully occupied and assessed for an entire year and the Base Year Taxes are adjusted accordingly, this provision shall have no further force or effect with respect to any future re-assessments of the Building. Notwithstanding the foregoing to the contrary, in no event shall the Taxes in the Base Year be adjusted due to a reassessment of the Taxes arising from or attributable to any of the following events: (i) any sale, refinancing, or change in ownership or deemed transfer of the Building or Project following the Base Year, (ii) Landlord entering into a ground lease for the Building or Project following the Base Year, or (iii) any improvements of a capital nature (other than in connection with tenant improvements being made to first generation shell space in the Building for purposes of improving such space for a tenant's occupancy or with respect to the Building Renovations). Notwithstanding anything to the contrary set forth in this Lease, the amount of Taxes for any year within the Lease Term (including the Base Year) shall be calculated without taking into account any decreases in real estate taxes obtained in connection with Proposition 8, and, therefore, the Taxes under this Lease may be greater than those actually incurred by Landlord, but shall, nonetheless, be the Taxes due under this Lease; provided that (i) any costs and expenses incurred by Landlord in securing any Proposition 8 reduction shall not be deducted from Taxes for purposes of this Lease, and (ii) tax refunds under Proposition 8 shall not be deducted from Taxes nor refunded to Tenant, but rather shall be the sole property of Landlord.

(e) Variable components of Operating Expenses and Taxes for any calendar year, including the Base Year, during which actual occupancy of the Project is less than ninety-five percent (95%) of the Rentable Area of the Building or Project, as applicable, shall be appropriately adjusted on a consistent basis to reflect ninety-five percent (95%) occupancy of the Rentable Area of the Building or Project, as applicable, during such period employing sound real estate accounting and management principles consistently applied. In determining Operating Expenses and Taxes, if any services or utilities are separately charged to tenants of the Project or others, Operating Expenses and Taxes, shall be adjusted by Landlord on a consistent basis to reflect the amount of expense which would have been incurred for such services or utilities on a full time basis for normal Project operating hours employing sound real estate accounting and management principles consistently applied. Operating Expenses for the Base Year shall include market-wide cost increases due to extraordinary circumstances, including, but not limited to, boycotts and strikes, and utility rate increases due to extraordinary circumstances including., but not limited to, Force Majeure, conservation surcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements; provided however, that at such time as any such particular cost increases or costs are no longer included in Operating Expenses, such particular cost increases or costs shall be excluded from the Base Year calculation of Operating Expenses. Landlord shall not collect Operating Expenses and Taxes from Tenant and all other tenants/occupants in the Building in an amount in excess of what Landlord incurred for the items included in Operating Expenses and Taxes. Any refunds or discounts actually received by Landlord for any category of Operating Expenses and Taxes shall reduce Operating Expenses and Taxes in the applicable calendar year (pertaining to such category of Operating Expenses and

Taxes). In the event any facilities, services or utilities used in connection with the Project are provided from another building owned or operated by Landlord or vice versa, the costs incurred by Landlord in connection therewith shall be allocated to Operating Expenses and Taxes by Landlord on a reasonably equitable and consistent basis. In addition, all assessments and premiums of Operating Expenses and Taxes which are not specifically charged to Tenant because of what Tenant has done, which can be paid by Landlord in installments, shall be paid by Landlord in the maximum number of installments permitted by law (except to the extent inconsistent with the general practice of the Comparable Buildings in the vicinity of the Building) and shall be included as Operating Expenses and Taxes in the year in which the assessment or premium installment is actually paid. In the event (i) the Commencement Date shall be a date other than January 1, (ii) the date fixed for the expiration of the Lease Term shall be a date other than December 31, (iii) of any early termination of this Lease, or (iv) of any increase or decrease in the size of the Premises, then in each such event, an appropriate adjustment in the application of this Paragraph 3 shall, subject to the provisions of this Lease, be made to reflect such event to be consistent with the principles underlying the provisions of this Paragraph 3. In addition, Landlord shall have the right, from time to time, to equitably and consistently allocate and prorate some or all of the Operating Expenses and Taxes among different tenants and/or different buildings of the Project and/or on a building-by-building basis (the "Cost Pools"), adjusting Tenant's Proportionate Share as to each of the separately allocated costs based on the ratio of the Rentable Area of the Premises to the Rentable Area of all of the premises to which such costs are allocated in Landlord's reasonable and consistent discretion, in a manner consistent with the implementation of Cost Pools at Comparable Buildings. Such Cost Pools may include, but shall not be limited to, the office space tenants of a building of the Project, and the retail space tenants of a building of the Project. Subject to this Paragraph 3 above, the Operating Expenses and Taxes within each such Cost Pool shall be allocated and charged to the tenants within such Cost Pool in an equitable and consistent manner and shall not exceed, collectively between Cost Pools, one hundred percent (100%) of all such costs. Any material category of expense (including any new form of insurance) which is not reflected in the categories of expenses included in the Base Year shall not be included in Operating Expenses for any calendar year following the Base Year, unless (A) the Operating Expenses for the Base Year are appropriately adjusted to reflect the cost that would have been incurred for such categories of expense during the Base Year, if they had been provided or incurred during the entire Base Year as determined in accordance with sound real estate accounting practices consistently applied, (B) the cost is the result of a change in laws, rules or regulations occurring after the date of this Lease, (C) incurring such category of expense results in Operating Expenses being reduced by more than the cost incurred with respect to such category of expense, in which case such cost may be included in Operating Expenses, subject to the exclusions and limitations in Paragraph 3(e) above, (D) the Tenant requested the additional category of expense, or (E) any unforeseen categories that arise due to the Building being fully occupied by tenants. If Landlord, in any year after the Base Year, discontinues any category of expense that was provided in the Base Year, then for such period of time in which such category of expense is discontinued, Operating Expenses for the Base Year shall be decreased by the amount as determined in accordance with sound real estate accounting practices consistently applied, incurred for such category of expense throughout the Base Year.

(f) Prior to the commencement of each calendar year of the Lease Term following the Commencement Date, Landlord shall give to Tenant a written estimate of Tenant's Proportionate Share of excess Operating Expenses and Taxes, if any, for the Project for the ensuing year which shall state such expenses in reasonable detail by major categories. Tenant shall pay such estimated amount to Landlord in equal monthly installments, in advance on the first day of each month. On or before April 1 after the end of each calendar year, Landlord shall furnish Tenant a statement indicating in reasonable detail such expenses by major general categories the excess of Operating Expenses and Taxes over the applicable Base Operating Expenses and Base Taxes for such period and the parties shall, within thirty (30) days thereafter, make any payment or allowance necessary to adjust Tenant's estimated payments to Tenant's actual share of such excess as indicated by such annual statement. Any payment due Landlord shall be payable by Tenant within thirty (30) days following demand from Landlord. Any amount due Tenant shall be credited against Rent installments next becoming due under this Lease or refunded to Tenant, if requested by Tenant or if the Lease has expired or been terminated. The failure of Landlord to timely furnish the statement for any calendar year shall not prejudice Landlord (provided that in the event that such failure continues for a period of six (6) months following receipt of notice from Tenant, Tenant may elect to seek specific performance) or Tenant from enforcing their rights under this Paragraph 3. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Proportionate Share of Operating Expenses and Taxes for the calendar year in which this Lease terminates, Tenant shall pay to Landlord Tenant's Proportionate Share of Operating Expenses and Taxes within thirty (30) days of Tenant's receipt of an invoice therefor from Landlord, and if Tenant paid more as estimated Operating Expenses and Taxes than the actual Tenant's Proportionate Share of Operating Expenses and Taxes, Landlord shall, within thirty (30) days after Landlord's calculation thereof, deliver a check payable to Tenant

in the amount of the overpayment. The provisions of this Paragraph 3 shall survive the expiration or earlier termination of the Lease Term. Notwithstanding the immediately preceding sentence, Tenant shall not be responsible for Tenant's Proportionate Share of any Operating Expenses and Taxes attributable to any calendar year which are first billed to Tenant more than two (2) calendar years after the earlier of the expiration of the applicable calendar year or the Expiration Date, provided that in any event Tenant shall be responsible for Tenant's Proportionate Share of Operating Expenses and Taxes levied by any governmental authority or by any public utility companies at any time following the Expiration Date which are attributable to any calendar year (provided that Landlord delivers Tenant a bill for such amounts within two (2) years following Landlord's receipt of the bill therefor).

(g) [Intentionally Deleted].

(h) Tenant shall pay prior to delinquency, all taxes and assessments (i) levied against any personal property, above-standard Alterations, above-standard tenant improvements (i.e., meaning a level of tenant improvements in excess of $71.35 per square foot of Rentable Area) or trade fixtures of Tenant in or about the Premises, and (ii) levied for any business, professional, or occupational license fees. If any such taxes or assessments are levied against Landlord or Landlord's property or if the assessed value of the Project is increased by the inclusion therein of a value placed upon such personal property or trade fixtures, Tenant shall within thirty (30) days following demand reimburse Landlord for the taxes and assessments so levied against Landlord, or such taxes, levies and assessments resulting from such increase in assessed value.

(i) Except as otherwise provided herein, any delay or failure of Landlord in (i) delivering any estimate or statement described in this Paragraph 3, or (ii) computing or billing Tenant's Proportionate Share of excess Operating Expenses and Taxes shall not constitute a waiver of its right to require an increase in Rent, or in any way impair the continuing obligations of Tenant under this Paragraph 3. In the event that Tenant disputes the amount of Additional Rent set forth in any annual statement or supplemental statement delivered by Landlord, Tenant shall have the right to cause an independent certified public accountant or lease audit firm (which accountant is a member of an accounting firm and is working on a non-contingency fee basis and such lease audit firm shall be subject to Landlord's prior written approval) ("Tenant's Auditor"), to inspect, copy, review and audit Landlord's accounting records for the calendar year (and Base Year at any time during the Lease Term but no more than oe time during the Lease Term) covered by such statement or supplemental statement during normal business hours ("Tenant Review"). So long as the same is hired and works on a non-contingency fee basis, Landlord hereby approves "Cyberlease," "BDO" and/or similar lease audit firms as Tenant's Auditor. As a condition precedent to any such inspection, Tenant shall cause such Tenant's Auditor to follow Landlord's reasonable rules and regulations relating to such inspection that do not adversely affect the ability of Tenant's Auditor to perform the audit in a reasonable manner, and, in any event, Tenant and the Tenant's Auditor shall maintain in strict confidence any and all information obtained in connection with the Tenant Review and shall not disclose such information to any person or entity other than to the management personnel, lawyers, accountants, assignees and/or subtenants of Tenant (subject to such parties' agreement to maintain such information confidential as set forth herein). Any Tenant Review shall take place in Landlord's office at the Project or at such other location in Los Angeles County as Landlord may reasonably designate (provided, however, if such records are not located in Los Angeles County, then Landlord will provide an electronic copy of such records to Tenant's Auditor), and Landlord will provide Tenant with reasonable access to personnel as is reasonably necessary for the Tenant Review, reasonable accommodations for such Tenant Review and reasonable use of such available office equipment, but may charge Tenant for telephone calls and photocopies at Landlord's actual cost. Tenant shall provide Landlord with not less than thirty (30) days' notice of its desire to conduct such Tenant Review. In connection with the foregoing review, Landlord shall furnish Tenant with such reasonable supporting documentation relating to the subject statement or supplemental statement as Tenant may reasonably request. In no event shall Tenant have the right to conduct such Tenant Review if Tenant is then in default under the Lease with respect to any of Tenant's monetary obligations, including, without limitation, the payment by Tenant of all Additional Rent amounts described in the statement which is the subject of Tenant's Review, which payment, at Tenant's election, may be made under dispute. In the event that following Tenant's Review, Tenant and Landlord continue to dispute the amounts of Additional Rent shown on Landlord's statement or supplemental statement and Landlord and Tenant are unable to resolve such dispute, then upon Tenant's written request therefor, a certification as to the proper amount of Additional Rent and the amount due to or payable by Tenant shall be made by an independent certified public accountant (the "Independent CPA") mutually agreed to by Landlord and Tenant each acting in good faith; provided, however, if Landlord and Tenant are unable to agree then the parties shall select a certified public accountant who is a member of so called the "Big Four" certified public accounting firms (i.e., Deloitte, PwC, Ernst & Young and KPMG) who: (i)

shall have practiced as a certified public accountant for at least ten (10) years; and (ii) has not represented Landlord or Tenant during the preceding ten (10) year period. The decision of the Independent CPA shall be conclusive and binding upon both Landlord and Tenant. If the resolution of the parties' dispute with regard to the Additional Rent shown on the statement or supplemental statement, pursuant to the decision of the Independent CPA reveals an error in the calculation of Tenant's Proportionate Share of Operating Expenses and Taxes to be paid for such calendar year, the parties' sole remedy shall be for the parties to make appropriate payments or reimbursements, as the case may be, to each other as are determined to be owing. Any such payments shall be made within thirty (30) days following the resolution of such dispute; provided that if Landlord fails to make such payment within such time period, Tenant may treat any overpayments resulting from the foregoing resolution of such parties' dispute as a credit against Rent until such amounts are otherwise paid by Landlord. Tenant shall be responsible for all costs and expenses associated with Tenant's Review, and Tenant shall be responsible for all reasonable audit fees of Tenant, as well as attorney's fees and related costs of both Landlord and Tenant relating to the decision of the Independent CPA (collectively, the "Costs"), provided that if the parties' final resolution of the dispute involves the overstatement by Landlord of Operating Expenses and Taxes for such calendar year in excess of three percent (3%), then Landlord shall be responsible for all Costs, up to a maximum amount of $7,500. In the event that, within one (1) year following receipt of any particular statement or supplemental statement, as applicable, Tenant shall fail to submit the dispute to an Independent CPA as set forth above, then Tenant shall have no further right to conduct a Tenant Review with respect to the applicable statement or supplemental statement, as the case may be, or to dispute the amount of Additional Rent set forth in the applicable statement or supplemental statement, as applicable; provided, however, that, that in no event shall the foregoing constitute a waiver by Tenant to pursue any fraud claims against Landlord pertaining to Operating Expenses and Taxes to the extent allowable under applicable laws. Additionally, if following Tenant's delivery to Landlord of a written request for a Tenant Review, Landlord fails to make its accounting records for the applicable calendar year (including the Base Year but only in connection with the one-time audit that Tenant is permitted to undertake with respect to the Base Year) reasonably available for such purpose in accordance with the terms above, then the review period set forth in this Paragraph 3 shall be extended one (1) day for each day that Tenant and/or Tenant's Auditor, as the case may be, is so prevented from accessing such accounting records so long as Tenant contemporaneously advises Landlord in writing of its assertion that Landlord has failed to make its accounting records available. In no event shall the payment by Tenant of any Operating Expense or Taxes payment, or any amount on account thereof, preclude Tenant from exercising its rights under this Paragraph 3.

(j) Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Proportionate Share of excess Operating Expenses and Taxes for the year in which this Lease terminates, Tenant shall within thirty (30) days following demand, pay any increase due over the estimated Operating Expenses and Taxes paid, and conversely, any overpayment made by Tenant shall be refunded to Tenant by Landlord within thirty (30) days of calculation.

(k) Tenant shall not be obligated to pay for Controllable Operating Expenses in any year to the extent they have increased by more than five percent (5%) per annum, compounded annually on a cumulative basis from the first calendar year during the Lease Term. For purposes of this Lease, Controllable Operating Expenses shall mean all Operating Expenses except for the total property management fee amount (to the extent such amount increases as a result of increases in rental as opposed to increases in the percentage used to determine the property management fee amount, which changes in such percentage shall be considered a Controllable Operating Expense), Taxes, insurance premiums, wages and salaries affected by the minimum wage, and utility costs for the Building and the Project. Controllable Operating Expenses shall be determined on an aggregate basis and not on an individual basis, and the cap on Controllable Operating Expenses shall be determined on Operating Expenses as they have been adjusted for vacancy or usage pursuant to the terms of the Lease.

(l) The Base Rent, Additional Rent, late fees, and other amounts required to be paid by Tenant to Landlord hereunder (including the excess Operating Expenses and Taxes) are sometimes collectively referred to as, and shall constitute, "Rent".

4. IMPROVEMENTS AND ALTERATIONS

(a) Except as expressly set forth in this Lease, including without limitation, the Work Letter, Landlord shall deliver the Premises to Tenant, and Tenant agrees to accept the Premises from Landlord in its existing "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition, and Landlord shall have no obligation to refurbish or otherwise

improve the Premises throughout the Lease Term; provided, however, and notwithstanding the foregoing to the contrary, to the extent not already completed as of the Effective Date of this Lease, Landlord's sole construction obligations with respect to the Premises shall be to complete those items of Landlord's Work set forth in Exhibit H attached hereto and incorporated herein for all purposes and those obligations of Landlord set forth in the Work Letter attached hereto as Exhibit B and any obligations expressly set forth in Paragraph 19(hh) below. Subject to Landlord's reasonable regulations, restrictions and guidelines and applicable laws and subject to Landlord's reasonable approval with respect to location and specifications, Tenant may core drill between the floors of the Premises (including the floor of the fourth floor of the Building) to install and service wire, conduit and cable that serve Tenant's equipment in the Premises in accordance with, and subject to, the other terms and provisions of this Lease and Landlord's rights hereunder with respect to such areas. Tenant shall be responsible for restoring any such core drills at the expiration or earlier termination of the Lease. Subject to applicable laws, codes ordinances and regulations and Landlord's prior written reasonable approval, Tenant shall be permitted to use the internal stairwells in the Building between the floors of the Premises (including the right to install security on those doors such as card readers, provided that (i) such security installation is in compliance with all applicable laws, codes and ordinances, (ii) Landlord approves the plans and specifications with respect to such security systems, (iii) Tenant being obligated to provide Landlord with access cards for such security systems, and (iv) upon the expiration or earlier termination of the Lease Tenant shall be required to remove such security systems and restore the Building to the condition existing prior to such installation). Any costs associated with investigating code requirements and/or making improvements or alterations required by code in order for Tenant to utilize the internal stairways and install security equipment shall be paid for by Tenant.

(b) Any alterations, additions, or improvements made by or on behalf of Tenant to the Premises ("Alterations") shall be subject to Landlord's prior written consent, which consent shall not be unreasonably withheld or conditioned and shall be granted or denied within fifteen (15) business days. Landlord's consent shall be reasonably withheld with respect to proposed Alterations that (i) fail to comply with all applicable laws, ordinances, rules and regulations; (ii) are not compatible with the Building and its mechanical, electrical, HVAC and life safety systems; (iii) will interfere with the use and occupancy of any other portion of the Building by any other tenant or their invitees; (iv) adversely affects the structural portions of the Building; or (v) requires the construction of any other improvements or alteration that is visible from the exterior of the Premises (collectively, a "Design Problem"). Notwithstanding, Tenant shall have the right, without Landlord's consent but upon fifteen (15) business days' prior notice to Landlord, to make non-structural additions and alterations ("Non-Consent Alterations") to the Premises, provided that such Non-Consent Alterations do not create a Design Problem and do not cost more than $75,000 in the aggregate in any calendar year. Tenant shall also have the right without prior notice at any time to install phone, computer and telecommunications lines and cabling that do not affect the Building systems and are located entirely within the Premises. The construction of the initial improvements to the Premises shall be governed by the terms of the Work Letter and not the terms of this Paragraph 4 unless otherwise expressly set forth in this Paragraph 4. In connection with the initial Tenant Improvements, Landlord hereby approves the space plan dated May 15, 2015 (the "Initial Space Plan") that was furnished by Tenant to Landlord prior to the execution of this Lease and agrees that Tenant shall not be required to restore any of the Tenant Improvements shown on such Initial Space Plan; provided, however, except as otherwise provided in subparagraph (xi) of Exhibit H, Tenant hereby acknowledges and agrees that Tenant shall be solely responsible for all costs associated with or arising from the amount of occupants (or deemed occupancy per Laws) located on each floor of the Premises to the extent such costs result from an occupancy (or deemed occupancy) in excess of five (5) persons per 1,000 rentable square feet, including without limitation, those required by applicable Laws including ingress/egress requirements (whether such exiting requirements arise within the Premises or outside the Premises) except for item (xi) under Exhibit H which shall be Landlord's responsibility, restroom upgrades (including, but not limited to, additional fixtures), and any other upgrades or modifications made to the Building, Common Areas and base building systems (e.g., HVAC). In no event does Landlord make any representation or warranty with respect to the suitability of the Initial Space Plan or if such Initial Space Plan complies with applicable Laws. Tenant shall cause, at its sole cost and expense, all Alterations to comply with commercially reasonable insurance requirements and with Laws and shall construct, at its sole cost and expense, any alteration or modification required by Laws as a result of any Alterations. All Alterations shall be constructed at Tenant's sole cost and expense, in a first class and good and workmanlike manner by contractors reasonably acceptable to Landlord, which consent shall not be unreasonably withheld or conditioned and shall be granted or denied within fifteen (15) business days, and only good grades of materials shall be used consistent with the quality of the Building. All plans and specifications for any Alterations shall be submitted to Landlord for its approval, which approval shall not be unreasonably withheld or denied within fifteen (15) business days. Landlord may monitor construction of the Alterations and Tenant shall reimburse Landlord for its actual out-of-pocket costs incurred in connection with such monitoring as Landlord is

required to pay in connection with its then existing contractual relationship with its property management or construction manager. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to see that such plans and specifications or construction comply with applicable laws, codes, rules and regulations. Without limiting the other grounds upon which Landlord may refuse to approve any contractor or subcontractor, Landlord may take into account the desirability of maintaining harmonious labor relations at the Project; provided, however, Landlord agrees that Tenant shall have the right to cure any disharmony through maintenance of a duel gate system. Tenant shall not be required to engage union labor in connection with the Tenant Improvements or any Alterations; provided, however, if the identity of Tenant's contractor creates any labor disharmony at the Building or Project, then Landlord may require Tenant to cease its construction activities until such labor disharmony is resolved; provided, however, Landlord agrees that Tenant shall have the right to cure any disharmony through maintenance of a dual gate system. Landlord may require that all life safety related work and mechanical, electrical and plumbing (ARC is hereby approved by Landlord) and roof related work to be performed by contractors reasonably designated by Landlord; provided, however, if such Landlord designated contractors are not providing commercially reasonable prices or are not reasonably available, then Landlord agrees to consult with such contractors in order to resolve such issues. Landlord shall have the right, in its sole discretion, to instruct Tenant to remove those improvements or Alterations from the Premises which (i) were not approved in advance by Landlord (except for Non-Consent Alterations, provided, however, such Non-Consent Alterations shall not be specialized to Tenant otherwise Landlord can require their removal), or (ii) were not built in substantial conformance with the plans and specifications approved by Landlord, as applicable. Furthermore, Landlord may, by written notice to Tenant at the time of consent and only for Alterations requiring Landlord's consent (or with respect to any specialized Non-Consent Alterations), require Tenant, at Tenant's expense, to remove any Alterations in the Premises and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to the condition existing prior to Tenant's installation of the subject Alteration and/or fixture; provided, however, that (i) in no event shall Tenant be obligated to remove any general office Alterations or general office Tenant Improvements, and (ii) Landlord shall make such designation, if at all, concurrently with Landlord's approval (if applicable) of the subject Alteration or Tenant Improvement (not shown on the Initial Space Plan). Landlord may only require the removal of any Alterations and/or initial Tenant improvements not shown on the Initial Space Plan to the extent the same consist of non-typical general office use improvements (the "Non-General Office Improvements"). For purposes of this Paragraph 4(b), the following is a non-exhaustive list of examples of non-typical general office use improvements that Landlord can require Tenant to remove and restore: personal baths and showers, rolling file systems, structural alterations, core drilled holes, server racks, security system, card access system, key pad door hardware, raised floor, heat pump, racking systems, classrooms, internal stairwell, high density filing systems, relocating call buttons, built-in workstations, supplemental HVACs, safe and vault areas, and audio/visual studio/stage. Except as set forth in the proceeding sentences, Tenant shall not be obligated to remove such Alterations at the expiration of this Lease. If at the time of consent to an Alteration and/or Tenant Improvement not shown on the Initial Space Plan, Landlord requires Tenant to remove such Alteration and/or Tenant Improvement not shown on the Initial Space Plan from the Premises, then Tenant, at Tenant's sole cost and expense, shall promptly remove such Alteration and/or Tenant Improvement not shown on the initial Space Plan upon the termination of this Lease and Tenant shall repair and restore the Premises to its original condition as of the Commencement Date (or as of delivery with respect to any Tenant Improvements not shown on the Initial Space Plan), reasonable wear and tear and casualty excepted. Any Alterations remaining in the Premises following the expiration of the Lease Term or following the surrender of the Premises from Tenant to Landlord, shall become the property of Landlord. If such Alterations will involve the use of or disturb Hazardous Materials existing in the Premises, Tenant shall comply with Landlord's reasonable non-discriminatory rules and regulations concerning such Hazardous Materials. Tenant shall provide Landlord with the identities and mailing addresses of all persons performing work or supplying materials, prior to beginning such construction, and Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall assure payment for the completion of all work free and clear of liens and shall provide certificates of insurance for worker's compensation and other coverage in amounts and from an insurance company reasonably satisfactory to Landlord and consistent with the requirements of landlords of Comparable Buildings, protecting Landlord against liability for bodily injury or property damage during construction. Upon completion of any Alterations and upon Landlord's reasonable request, Tenant shall deliver to Landlord final lien waivers from all such contractors and subcontractors. Additionally, upon completion of any Alteration, Tenant shall provide Landlord, at Tenant's expense, with a complete set of plans in reproducible form and specifications reflecting the actual conditions of the Alterations, together with a copy of such plans on diskette in the AutoCAD format or such other format as may then be in common use for computer assisted design purposes. Tenant shall pay to Landlord, as additional rent, the reasonable third party costs of Landlord's engineers and other consultants (but not Landlord's in-

house personnel) for any required technical review of all plans, specifications and working drawings for the Alterations, within thirty (30) days after Tenant's receipt of invoices either from Landlord or such consultants. In addition to such costs, Tenant shall pay to Landlord, within thirty (30) days after completion of any Alterations, the actual, reasonable extra costs incurred by Landlord for services rendered by Landlord's management personnel and engineers to coordinate and/or supervise any of the Alterations to the extent such services are provided in excess of or after the normal on-site hours of such engineers and management personnel.

(c) Tenant shall keep the Premises, the Building and the Project free from any and all liens arising out of any Alterations or Tenant Improvements, work performed, materials furnished, or obligations incurred by or for Tenant. In the event that Tenant shall not, within ten (10) business days following notice from Landlord of the imposition of any such lien, cause the same to be released of record by payment or posting of a bond in a form and issued by a surety reasonably acceptable to Landlord, Landlord shall have the right, but not the obligation, to cause such lien to be released by such means as it shall deem proper (including payment of or defense against the claim giving rise to such lien); in such case, Tenant shall reimburse Landlord for all amounts so paid by Landlord in connection therewith, together with all of Landlord's costs and expenses, with interest thereon at the Default Rate (defined below) and Tenant shall indemnify and defend each and all of the Landlord Indemnitees (defined below) against any damages, losses or costs arising out of any such claim. Tenant's indemnification of Landlord contained in this Paragraph shall survive the expiration or earlier termination of this Lease. Such rights of Landlord shall be in addition to all other remedies provided herein or by law.

(d) NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT, OR TO ANYONE HOLDING THE PREMISES THROUGH OR UNDER TENANT, AND THAT NO MECHANICS' OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN THE PREMISES.

5. REPAIRS

(a) Landlord shall maintain and keep in good repair, condition (consistent with Comparable Buildings) and operating order as part of Basic Services the structural portions of the Building, including the foundation, floor ceiling slabs, roof, curtain wall, sewer and water mains, exterior glass, glazing and mullions, exterior doors, columns, beams, shafts (including elevator shafts), stairs (other than internal stairwells installed by Tenant, if any), parking areas, stairwells (excluding internal stairwells installed by Tenant), escalators, elevator cabs, plazas, pavement, sidewalks, curbs, entrances (other than the entrances to a particular tenant's premises), Common Area landscaping, men's and women's restrooms, Building mechanical, electrical and telephone closets and all Common Areas and the base building mechanical, electrical, life safety, plumbing, sprinkler systems and HVAC systems (including all plumbing connected to said facilities or systems) and other building systems and equipment which were not constructed by, and are not for the exclusive use of, Tenant. The foregoing notwithstanding: (i) Landlord shall not be required to repair damage to any of the foregoing to the extent caused by the negligence or willful misconduct of Tenant or it agents, employees or contractors, unless and except to the extent such damage is covered by insurance carried or required to be carried by Landlord hereunder; and (ii) the obligations of Landlord pertaining to damage or destruction by casualty shall be governed by the provisions of Paragraph 9. Landlord shall have the right but not the obligation to undertake work of repair that Tenant is required to perform under this Lease and that Tenant fails or refuses to perform within applicable notice and cure periods. All actual out of pocket costs incurred by Landlord in performing any such repair for the account of Tenant, plus an administrative fee equal to ten percent (10%) of such costs, shall be repaid by Tenant to Landlord within thirty (30) days of following demand. Except as expressly provided in Paragraph 9 of this Lease, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Premises, the Building or the Project. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including the provisions of California Civil Code Section 1942 and any successive sections or statutes of a similar nature). Landlord may install certain exterior clamshell or hangar doors (the "Exterior Window/Door") on the exterior walls of the Building that can be opened from the interior of the Building. Such Exterior Window/Doors may be installed in one or more spaces leased to tenants of the Building. In the event the Premises contains an Exterior Window/Door, Tenant shall use commercially reasonable efforts to use and operate such Exterior Window/Door in accordance with the reasonable non-discriminatory rules and regulations adopted by Landlord for such Exterior Window/Doors from time to time;

provided, however, Landlord shall be responsible for the repair and maintenance of the Exterior Window/Door (and Tenant shall pay for such repair and maintenance costs to the extent such repairs or maintenance are due to Tenant's misuse of such Exterior Window/Doors) and for insuring the same except as otherwise specifically provided herein. At all times outside of Business Hours (as defined in Paragraph 7(c)) and during any inclement weather, Tenant shall close such Exterior Window/Doors that are located in its Premises.

(b) Tenant, at its expense, (1) shall keep the non-structural interior portions of the Premises and all fixtures contained therein in good repair, condition (consistent with Comparable Buildings) and operating order, and (ii) shall bear the cost of maintenance and repair, by contractors reasonably approved by Landlord (which approval shall not be unreasonably withheld and shall be granted within fifteen (15) business days), of all facilities which are not expressly required to be maintained or repaired by Landlord and which are located in the Premises, including, without limitation, non-base building lavatory (if any exclusively serve the Premises), non-base building shower (if any exclusively serve the Premises), non-base building toilet (if any exclusively serve the Premises), non-base building wash basin (if any exclusively serve the Premises) and kitchen facilities, and supplemental heating and air conditioning systems installed by Tenant or any sublessee or assignee of Tenant (including all plumbing connected to said facilities or systems installed by or on behalf of Tenant). Tenant shall make all repairs to the Premises with replacements of any materials to be made by use of materials of consistent or better quality. Tenant shall do all decorating, remodeling, alteration and painting required by Tenant during the Lease Term. Tenant shall pay for the cost of any repairs to the Premises, the Building or the Project made necessary by any negligence or willful misconduct of Tenant or any of its assignees, subtenants, employees or their respective agents, representatives, contractors, unless and except to the extent such damage is covered by insurance carried or required to be carried by Landlord hereunder. If Tenant fails to make such repairs or replacements within applicable notice and cure periods, Landlord may at its option make such repairs or replacements, and Tenant shall within thirty (30) days following demand pay Landlord for the actual out-of-pocket cost thereof, together with an administration fee equal to ten percent (10%) of such costs.

(c) Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in a broom-clean condition, normal wear and tear and casualty excepted, with any Alterations or Tenant Improvements required to be removed pursuant to Paragraph 4 above (and any repairs and restoration arising from such removal completed). In addition to all other rights Landlord may have, in the event Tenant does not timely remove any such fixtures, furnishings or personal property, Tenant shall be deemed to have abandoned the same, in which case Landlord may store or dispose of the same at Tenant's expense, appropriate the same for itself, and/or sell the same in its discretion but in any event, in compliance with applicable Laws.

6. USE OF PREMISES

(a) Tenant shall use the Premises only for general office consistent with a first class office building in the Playa Vista area and shall not use the Premises or permit the Premises to be used for any other purpose. Landlord shall have the right to deny its consent to any change in the permitted use of the Premises in its sole and absolute discretion. Except when and where Tenant's right of access is specifically excluded as the result of (i) an emergency, (ii) a requirement by applicable Laws, or (iii) a specific provision set forth in this Lease, Tenant shall have the right of access to the Premises, the Building, the Project and the parking structure twenty-four (24) hours per day, seven (7) days per week during the Lease Term. Notwithstanding the foregoing, Tenant shall have the right, subject to compliance with all applicable provisions of this Lease, to use the Premises or portions thereof for the following specific purposes: (A) kitchens, pantries and dining rooms for the feeding of employees and guests of Tenant, but only to the extent consistent with typical general office use by office tenants in first-class office building projects and no such kitchens, pantries or dining rooms shall require any venting or include the preparation of foods other than food that is suitable for heating in a microwave (it being acknowledged that Tenant shall be responsible for any additional pest control that is necessary due to Tenant's improper cleaning of such facilities); (B) recreation rooms for employees of Tenant; (C) vending machines and snack bars for the sale of food, confections, nonalcoholic beverages, newspapers and other convenience items to employees of Tenant so long as such vending machine and snack bar is not visible from the outside of the Premises; (D) business and mailroom machines, equipment for printing, producing and reproducing forms, circulars and other materials used in connection with the conduct of Tenant's business; (E) libraries for employees of Tenant; (F) computer and other electronic data processing; (0) boardrooms and conference rooms; (H) training and testing rooms for employees of Tenant; and (1) facilities for storage of equipment and supplies in connection with the foregoing. Notwithstanding the foregoing, in no event shall any of the uses set forth in items (A) through (I), above, or any non-general office component of the permitted use, cause odors, sounds, sound-related

vibrations or other odors, noise or vibrations to be smelled, heard or felt from outside the Premises in excess of the level of odors, noise and vibrations caused by typical general office use. Landlord and Tenant acknowledge and agree that nothing in this Lease shall prohibit Tenant from removing any TVs, a/v equipment, specialty items, furniture, equipment, free-standing cabinet work and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, at any time throughout the Lease Term, including if attached to the wall or floor for stability purposes (provided that Tenant repairs any damage resulting therefrom). Subject to Tenant, at its sole cost and expense, complying with all codes, ordinances, covenants, conditions, restrictions and applicable laws and obtaining any necessary permits or licenses related to the same, Tenant shall be permitted to serve alcoholic beverages to its employees and invitees (but in no event to the general public) within the Premises. Tenant shall be responsible for all increased insurance costs arising from the serving of alcholoic beverages within the Premises.

(b) Tenant shall not at any time use or occupy the Premises, or permit any act or omission in or about the Premises for any use in violation of any law, statute, ordinance or any governmental rule, regulation or order (collectively, "Law" or "Laws") and Tenant shall, upon written notice from Landlord, discontinue any use of the Premises which is declared by any governmental authority to be a violation of Law. At its sole cost and expense, Tenant shall, except as otherwise expressly provided in this Lease or in the Work Letter, promptly comply with all such applicable Laws and make all alterations to (A) the Premises, which alterations relate to (i) Tenant's use of the Premises for other than general office purposes or (ii) the Tenant Improvements located in the Premises or any Alterations thereof, and (B) the base building (i.e., the areas for which Landlord is responsible for repair and maintenance), but as to the base building, only to the extent such alterations are triggered by non-general office Alterations made by Tenant to the Premises, or non-general office Tenant Improvements, or Tenant's use of the Premises for a non-general office use. Landlord shall comply with all applicable Laws relating to the Project and base building, provided that compliance with such applicable Laws is not the responsibility of Tenant under this Lease. This Lease shall be subject to and Tenant shall comply with all Underlying Documents affecting the Premises, the Building or the Project of which have been provided to Tenant prior to execution of this Lease (provided, however, if Landlord fails to provide any Underlying Documents as of Tenant's execution of this Lease, then Tenant shall provide written notice to Landlord and Landlord shall thereafter provide such Underlying Documents within five (5) business days after receipt of such written notice from Tenant); provided, further however, no new Underlying Documents or amendments entered into after the Date of this Lease to existing Underlying Documents shall materially, adversely (i) materially, adversely affect Tenant's use of the Premises for the permitted use or use of or access to the Premises, Building, Project or the parking structure, (ii) materially, adversely affect Tenant's rights under this Lease, or (iii) increase Tenant's obligations under this Lease.

(c) Tenant shall not at any time use or occupy the Premises in violation of the certificates of occupancy issued for the Building or the Premises, and in the event that any architectural control committee or department of the state or the city or county in which the Project is located shall at any time contend or declare that the Premises are used or occupied in violation of such certificate or certificates of occupancy Tenant shall, upon fifteen (15) business days' notice from Landlord or any such governmental agency, immediately discontinue such use of the Premises (and otherwise remedy such violation). The failure by Tenant to timely discontinue such use shall be considered a default under this Lease and Landlord shall have the right to exercise any and all rights and remedies provided herein or by Law. Any statement in this Lease of the nature of the business to be conducted by Tenant in the Premises shall not be deemed or construed to constitute a representation or guaranty by Landlord that such business is or will continue to be lawful or permissible under any certificate of occupancy issued for the Building or the Premises, or otherwise permitted by Law.

(d) Tenant shall not do or permit to be done anything which may invalidate any fire, All Risk, Causes of Loss—Special Form or other insurance policy covering the Building, the Project and/or property located therein, shall pay for any increase in costs thereof solely resulting from Tenant's use of the Premises, and shall comply with all rules, orders, regulations and requirements of the appropriate fire codes and ordinances or any other organization performing a similar function. In addition to all other remedies of Landlord, Landlord may require Tenant, within thirty (30) days following demand, to reimburse Landlord for the full amount of any additional premiums charged for such policy or policies by reason of Tenant's failure to comply with the provisions of this Paragraph 6.

(e) Tenant shall not in any way interfere with the rights or quiet enjoyment of other tenants or occupants of the Premises, the Building or the Project. Tenant shall not use or allow the Premises to be used for any unlawful purpose or such other purpose inconsistent with the uses of tenants at Comparable Buildings, nor shall Tenant cause,

maintain, or permit any nuisance in, on or about the Premises, the Building or the Project. Tenant shall not place weight upon any portion of the Premises exceeding the structural floor load (per square foot of area) which such area was designated (and is permitted by Law) to carry or otherwise use any Building system in excess of its capacity or in any other manner which may damage such system or the Building. Tenant shall not create within the Premises a working environment with a density of greater than the lesser of (i) that shown in the Initial Space Plan (but subject to the terms of Paragraph 4(b) regarding Tenant's obligations with respect to the costs arising from an occupancy (or deemed occupancy level) in excess of 5 persons per 1,000 rentable square feet per floor), or (ii) the maximum occupancy permitted by applicable Law. Business machines and mechanical equipment shall be placed and maintained by Tenant, at Tenant's expense, in locations and in settings sufficient to absorb and prevent vibration, noise and annoyance to emanate from the Premises. Tenant shall not commit or suffer to be committed any waste in, on, upon or about the Premises, the Building or the Project.

(f) Tenant shall take all steps it deems necessary to adequately secure the Premises (as opposed to the Building and Project) from unlawful intrusion, theft, fire and other hazards, and shall keep and maintain any and all security devices in or on the Premises in good working order, including, but not limited to, exterior door locks for the Premises and shall reasonably cooperate with Landlord with respect to access control and other safety matters.

(g) As used herein, the term "Hazardous Material" means any (a) oil or any other petroleum-based substance, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Laws; (b) asbestos in any form, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) chemical, material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. §300, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. §2601, et seq.; the Federal Hazardous Substances Control Act, as amended, 15 U.S.C. §1261, et seq.; and the Occupational Safety and Health Act, as amended, 29 U.S.C. §651, et seq.; Sections 25115, 25117, 25122.7, 25140, 25249.8, 25281, 25316, 25501, and 25316 of the California Health and Safety Code; (d) other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other Person coming upon the Project or adjacent property; and (e) other chemicals, materials or substances which may or could pose a hazard to the environment. The term "Permitted Hazardous Materials" shall mean Hazardous Materials which are contained in ordinary office supplies and equipment of a type and in quantities typically used in the ordinary course of business within offices of similar size in the Comparable Buildings, but only if and to the extent that such supplies are transported, stored and used in full compliance with all applicable laws, ordinances, orders, rules and regulations and otherwise in a safe and prudent manner. Hazardous Materials which are contained in ordinary office supplies and equipment but which are transported, stored and used in a manner which is not in full compliance with all applicable laws, ordinances, orders, rules and regulations or which is not in any respect safe and prudent shall not be deemed to be "Permitted Hazardous Materials" for the purposes of this Lease.

(i) Tenant, its assignees, subtenants, and their respective agents, servants, employees, representatives and contractors (collectively referred to herein as "Tenant Affiliates") shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by Tenant or by Tenant Affiliates without the prior written consent of Landlord (which may be granted, conditioned or withheld in the sole discretion of Landlord), save and except only for Permitted Hazardous Materials, which Tenant or Tenant Affiliates may bring, store and use in reasonable quantities for their intended use in the Premises, but only in full compliance with all applicable laws, ordinances, orders, rules and regulations. On or before the expiration or earlier termination of this Lease, Tenant shall remove from the Premises all Hazardous Materials (including, without limitation, Permitted Hazardous Materials), regardless of whether such Hazardous Materials are present in concentrations which require removal under applicable laws, except

to the extent that such Hazardous Materials were present in the Premises as of the Commencement Date and were not brought onto the Premises by Tenant or Tenant Affiliates. Tenant shall have no obligation to investigate or remediate any Hazardous Materials located in or as part of the base building as of the Date of this Lease or in any areas of the Project located outside the Premises that were not placed thereon or therein, or damaged, exacerbated (but only to the extent exacerbated) or disturbed by Tenant or any of Tenant's agents, contractors, employees, licensees or invitees. Landlord covenants that during the Lease Term, Landlord shall not cause any Hazardous Materials to be introduced in, on or under the Project by Landlord, its agents, employees or contractors in violation of applicable Laws in effect at the time of such introduction and Landlord shall comply with all applicable Laws with respect to Hazardous Materials in accordance with, and as required by, the terms of this Lease. In addition, Operating Expenses shall not include the cost of remediation of any Hazardous Materials. For purposes of the preceding sentence, "costs of remediation" shall mean the costs associated with the investigation, testing, monitoring, containment, removal, remediation, cleanup and/or abatement of any release of any such Hazardous Materials as necessary to comply with any applicable Laws. Landlord and Tenant specifically agree that Tenant shall not be responsible or liable to Landlord or to other parties for any of Hazardous Materials which are released or brought in, on, under or about the Project by Landlord or Landlord's agents, employees, representatives of contractors or by any non-Tenant Affiliate party (including without limitation, any other tenants or occupants of the Project and their agents, invitees, employees and contractors).

(ii) Tenant agrees to indemnify, defend and hold Landlord and its Affiliates (defined below) harmless for, from and against any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, including reasonable attorneys' fees and expenses, court costs, consultant fees, and expert fees, together with all other costs and expenses of any kind or nature that arise during or after the Lease Term directly or indirectly from or in connection with the presence, suspected presence, or release of any Hazardous Material in or into the air, soil, surface water or groundwater at, on, about, under or within the Premises, or any portion thereof caused by Tenant or Tenant Affiliates.

(iii) In the event any investigation or monitoring of site conditions or any clean-up, containment, restoration, removal or other remedial work (collectively, the "Remedial Work") is required under any applicable federal, state or local Law, by any judicial order, or by any governmental entity as the result of operations or actions of Tenant or Tenant Affiliates, Landlord shall perform or cause to be performed the Remedial Work in compliance with such Law or order at Tenant's sole cost and expense. All Remedial Work shall be performed by one or more contractors, selected and reasonably approved by Landlord, and under the supervision of a consulting engineer, selected by Tenant and reasonably approved in advance in writing by Landlord. All costs and expenses of such Remedial Work shall be paid by Tenant, including, without limitation, the charges of such contractor(s), the consulting engineer, and Landlord's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work.

(iv) Each of the covenants and agreements of Tenant set forth in this Paragraph 6(g) shall survive the expiration or earlier termination of this Lease.

7. UTILITIES AND SERVICES

(a) Landlord shall operate and manage the Project in a manner substantially consistent with Comparable Buildings and shall furnish, or cause to be furnished to the Premises, the utilities and services described in this Paragraph 7(a) on all days and at all times (unless otherwise stated below) during the Lease Term (collectively the "Basic Services"):

(i) City water from the regular Building outlets for drinking, drinking fountains (if any), lavatory and toilet purposes and for typical office kitchens within the Premises ("Water Service") (it being agreed that the plumbing lines for distribution of such water from the point of supply on each floor to such other water fixtures being the responsibility of Tenant);

(ii) Subject to limitations imposed by all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide heating, air conditioning and ventilating ("HVAC Service") when necessary for normal comfort for normal office use in the Premises and in compliance with applicable Law, from 8:00 A.M. to 6:00 P.M. Monday through Friday, and on Saturdays from 9:00 A.M. to 1:00 P.M. (collectively, the "Business Hours"), except for the date of observation of New Year's Day, President's Day, Independence Day, Labor Day, Memorial Day, Thanksgiving Day and Christmas Day (collectively, the "Holidays"), which, subject to the terms of Paragraph 4(b). HVAC Service shall be operational and reasonably consistent with the HVAC service provided to Comparable Buildings assuming that all exterior openings of the Building are permanently closed;

(iii) Routine maintenance, repairs, structural and exterior maintenance (including, without limitation, exterior doors, glass and glazing), painting and electric lighting service for all Common Areas of the Project in the manner and to the extent consistent with the standards set forth in this Lease, subject to the limitation contained in Paragraph 5(a) above;

(iv) Janitorial service on a five (5) day week basis, excluding Holidays, in and about the Premises, substantially in accordance with the specifications attached hereto as Exhibit K and made a part hereof (subject to changes so long as such changes are reasonably consistent with janitorial services being provided at Comparable Buildings) and Landlord shall provide exterior window washing services in a matter at least twice annually;

(v) Adequate electrical wiring and facilities for connection to Tenant's lighting fixtures and incidental use equipment, provided that (i) the consumed electricity resulting from the incidental use equipment does not exceed an average of five (5) watts per rentable square foot of the Premises, calculated during Building Hours, on a monthly basis, and the electricity so furnished for incidental use equipment will be at a nominal one hundred twenty (120) two hundred eight (208) volts, and (ii) the consumed electricity resulting from Tenant's lighting fixtures does not exceed an average of one and one-half (1.5) watts per rentable square foot of the Premises, calculated during Building Hours, upon a monthly basis, and the electricity so furnished for Tenant's lighting will be at a nominal two hundred seventy-seven (277) volts, which electrical usage shall be subject to applicable laws and regulations ("Electrical Service"). Replacement of lamps, starters and ballasts for Building standard lighting fixtures within the Premises shall be included in Operating Expenses. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises;

(vi) Public elevator service serving the floors on which the Premises are situated, at all times (other than with respect to any temporary shutdowns required for routine and customary maintenance or due to applicable Laws);

(vii) Landlord shall provide reasonable access control services for the Building seven (7) days per week, twenty-four (24) hours per day, in a manner consistent with the Landlord's operations standard and Comparable Buildings; provided, however, the Project shall have manned security officers at the Building for sixteen (16) hours each day Monday—Friday (excluding Holidays). Access to the Building is monitored with a key card system, which must be scanned at the elevator cabs. Landlord shall have the roving security guard available, after Building Hours (excluding Holidays) for the Project, which security guard shall upon request and subject to availability escort employees and invitees of Project occupants from the Building to the adjacent parking structure and such escort service shall be based on the availability of such person (provided that Landlord shall use commercially reasonable efforts to make such person available) and offered to Project occupants on a reasonably equitable basis. Notwithstanding the foregoing, Landlord shall in no case be liable for personal injury or property damage for any error with regard to the admission to or exclusion from the Building or Project of any person.. In addition, if Tenant requests security in addition to the security set forth in this Paragraph 7(a)(vii), then Tenant shall pay all costs associated with any such additional security (and if any other tenant or occupant requests the substantially additional security measures, then Landlord shall equitably prorate the additional costs of such additional security based on the respective Rentable Area being leased by each such tenant); and

(viii) Landlord shall provide Tenant with appropriate contact information that Tenant may contact in the event of an emergency at the Premises or Building twenty-four (24) hours per day, seven (7) days per week (whether or not during Business Hours).

(b) Landlord shall provide to Tenant, upon written request and at Tenant's sole cost and expense (and subject to the limitations hereinafter set forth) the following extra services (collectively the "Extra Services"):

(i) Such extra cleaning and janitorial services requested by Tenant, and agreed to by Landlord, for special improvements or Alterations;

(ii) Subject to Paragraph 7(d) below, additional air conditioning and ventilating capacity required by reason of any equipment or areas of Premises requiring supplemental systems;

(iii) Electric service in excess of that which Landlord is obligated to supply as part of Basic Services at Landlord's actual cost thereof, without markup for profit or overhead;

(iv) Heating, ventilation, or air conditioning provided by Landlord to Tenant (i) during hours other than Business Hours, (ii) on Saturdays (after Business Hours), Sundays, or Holidays, said heating, ventilation and air conditioning to be furnished at Tenant's sole control on demand and Tenant shall pay to Landlord Landlord's standard charge for overtime HVAC on an hourly basis (which such standard charge being equal to $75.00 per hour per floor, as such charge may increase based on the actual percentage increase in Landlord's costs to provide such overtime HVAC (i.e., the cost of electricity and associated labor, etc.). There shall be no minimum usage requirement, no start up charges and such after-hours HVAC services can be requested without advance notice to Landlord;

(v) Any Basic Service in amounts exceeding the amounts required to be provided above, but only if Landlord elects to provide such additional or excess service. Tenant shall pay Landlord the cost of providing such additional services (or an amount equal to Landlord's reasonable estimate of such cost, if the actual cost is not readily ascertainable) together with an administration fee equal to five percent (5%) of such cost, within thirty (30) days following presentation of an invoice therefore by Landlord to Tenant; provided, however, there shall be no administrative fee charged with respect to (i) any after hours HVAC service requested or used by Tenant, (ii) any excess electricity usage utilized by Tenant, or (iii) any additional service that is on a recurring basis (i.e., meaning that if Tenant requests an additional service to be performed automatically on a recurring basis, then the administrative fee shall be charged for the initial request, however, with respect to each automatic occurrence of such additional service in the future being performed without an additional request from Tenant, there shall be no administrative fee charged). The cost chargeable to Tenant for all extra services shall constitute Additional Rent; and

(vi) So long as Tenant does not create a Design Problem and subject to the terms and conditions of this Paragraph 7(b)(v), Tenant, at its cost and expense, shall be permitted to install stand alone supplemental HVAC equipment (i.e., such equipment shall not be tied into the Building HVAC system and shall not receive chilled or condenser water) in the Premises (the "Supplemental HVAC"). Such Supplemental HVAC shall be delineated on plans and specifications first submitted to and approved by Landlord, such approval of Landlord to be granted or withheld in Landlord's reasonable discretion so long as the Supplemental HVAC does not create a Design Problem, and Tenant shall be solely responsible for the cost thereof. To the extent approved by Landlord on the plans and specifications presented by Tenant and so long as no Design Problem is created, no Building system is adversely affected and adequate space is available, Tenant shall be permitted to install such Supplemental HVAC either in a mechanical room constructed by Tenant within the Premises or on the roof of the Building and any such rooftop installation shall be subject to the restrictions and conditions set forth in Paragraph 19(nn) below (Tenant hereby acknowledges that it has been advised that there is no room available in the mechanical room of the Building so that Tenant cannot install its Supplemental HVAC equipment in such rooms). In the event Tenant desires any Supplemental HVAC, Landlord may, at its option but at Tenant's cost and expense, install and maintain a submeter or lapse time meter or similar device for such Supplemental HVAC (the "Supplemental HVAC Submeter"). If so installed, Tenant shall pay to Landlord the actual cost of electrical service provided to such Supplemental HVAC. Throughout the Lease Term, Tenant shall install, use, operate and maintain the Supplemental HVAC and Supplemental HVAC Submeter, all at Tenant's sole cost and expense. All rights and remedies of Landlord under this Lease shall apply in the event Tenant fails to perform Tenant's obligations hereunder with respect to such Supplemental HVAC. Tenant shall reimburse Landlord, within thirty (30) days after receipt of an invoice, for all of the costs incurred by Landlord in connection with the

installation of the Supplemental HVAC and Supplemental HVAC Submeter. The Supplemental HVAC Submeter shall be read periodically and Tenant shall be responsible for and shall pay Landlord for all electrical costs incurred based on the readings of the Supplemental HVAC Submeter, said payment to be due and payable within ten (10) days following each demand therefor.

(c) Tenant agrees to reasonably cooperate at all times with Landlord and to comply with all reasonable non-discriminatory regulations and requirements which Landlord may from time to time prescribe for the use of the utilities and Basic Services described herein, so long as Landlord does not decrease the Basic Services required hereunder or increase Tenant's costs (other than as expressly permitted hereunder). Landlord shall not be liable to Tenant for the failure of any other tenant, or its assignees, subtenants, employees, or their respective invitees, licensees, agents or other representatives to comply with such regulations and requirements but Landlord shall use commercially reasonable efforts to ensure compliance.

(d) If Tenant requires utilities or services in quantities greater than or at times other than that required to be furnished by Landlord as set forth above, Tenant shall pay to Landlord, upon receipt of a written statement therefor, Landlord's actual charge for such use without markup for profit or overhead (except as otherwise expressly permitted herein). In the event that Tenant shall require additional electric current, water or gas for use in the Premises and if, in Landlord's reasonable judgment, such excess requirements cannot be furnished unless additional risers, conduits, feeders, switchboards and/or appurtenances are installed in the Building, subject to the conditions stated below, Landlord shall proceed to install the same at the sole cost of Tenant, payable within thirty (30) days following demand. The installation of such facilities shall be conditioned upon Landlord's reasonable consent, and a determination that the installation and use thereof (i) shall be permitted by applicable Law and insurance regulations, (ii) shall not cause permanent damage or injury to the Building or adversely affect the value of the Building or the Project, and (iii) shall not cause or create a dangerous or hazardous condition or interfere with or disturb other tenants in the Building. In the case of any additional utilities or services to be provided hereunder, Landlord may require a switch and metering system to be installed so as to measure the amount of such additional utilities or services. The actual cost of installation, maintenance and repair thereof shall be paid by Tenant within thirty (30) days following demand. Notwithstanding the foregoing, Landlord shall have the right to contract with any utility provider it deems appropriate to provide utilities to the Project.

(e) Except as otherwise provided in Paragraph (1) below, Landlord shall not be liable for, and Tenant shall not be entitled to, any damages, abatement or reduction of Rent, or other liability by reason of any failure to furnish any services or utilities described herein for any reason (other than Landlord's sole negligence or willful misconduct), including, without limitation, when caused by accident, breakage, water leakage, flooding, repairs, Alterations or other improvements to the Project, strikes, lockouts or other labor disturbances or labor disputes of any character, governmental regulation, moratorium or other governmental action, inability to obtain electricity, water or fuel, or any other cause beyond Landlord's control. Landlord shall be entitled to cooperate with the energy conservation efforts of governmental agencies or utility suppliers to the extent consistent with Comparable Buildings. Except as otherwise provided in Paragraph (f) below, no such failure, stoppage or interruption of any such utility or service shall be construed as an eviction of Tenant, nor shall the same relieve Tenant from any obligation to perform any covenant or agreement under this Lease. In the event of any failure, stoppage or interruption thereof, Landlord shall use commercially reasonable efforts to attempt to restore all services promptly and to minimize interference with Tenant's business in the Premises in connection with the performance of any non-emergency work and further agree to provide Tenant with at least twenty-four (24) hours prior written notice of any planned shutdowns of electrical power within the Building or any planned shutdowns by the utility serving the Building (to the extent Landlord has notice thereof) excluding emergency shut downs for which Landlord is unable to provide such notice). Subject to the covenants set forth in Paragraph 7(a)(ii) and Exhibit H hereof (which in no event shall such provisions be deemed to contain any representations of Landlord), no representation is made by Landlord with respect to the adequacy or fitness of the Building's ventilating, air conditioning or other systems to maintain temperatures as may be required for the operation of any computer, data processing or other special equipment of Tenant. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable existing or future law, ordinance or governmental regulation permitting the termination of this Lease due to an interruption, failure or inability to provide any services.

(f) The term "Essential Services" shall mean: (a) Water Service, (b) HVAC Service, (c) Electrical Service, (d) at least one method of access at all times to the Premises by Tenant's employees, and (e) at least one (1) functional elevator that provides access to the floors on which the Premises are located. If: (i) Landlord ceases to

furnish any Essential Service to the Premises for a period in excess of five (5) consecutive business days after Tenant notifies Landlord of such cessation (the "Interruption Notice"); (ii) such cessation of an Essential Service is either (A) caused by an event in Landlord's reasonable control or (B) is otherwise caused by an event covered by Landlord's rent loss insurance, and in either such case not the result of any breach of this Lease by Tenant or other negligent or otherwise wrongful act or omission of Tenant; (iii) such cessation of an Essential Service is not caused by a fire or other casualty (in which case Paragraph 9 shall control); and (iv) as a result of such cessation of an Essential Service, the Premises, or a material portion thereof, is rendered untenantable, then Tenant, as its sole and exclusive remedy, shall be entitled to receive an abatement of Rent payable hereunder during the period beginning on the sixth (6th) consecutive business day of such cessation and ending on the day when the Essential Service in question has been restored; provided that in the event the entire Premises has not been rendered untenantable by the cessation in Essential Service, the amount of abatement that Tenant is entitled to receive shall be prorated based upon the percentage of the Premises (which shall be based on a ratio of the square feet of Rentable Area rendered untenantable to all of the Rentable Area leased by Tenant) so rendered untenantable.

8. NON-LIABILITY AND INDEMNIFICATION OF LANDLORD; INSURANCE

(a) Except to the extent caused by Landlord or Landlord's Affiliates' negligence or willful misconduct and subject to the waiver of subrogation, Landlord shall not be liable for any injury, loss or damage suffered by Tenant or to any person or property occurring or incurred in or about the Premises, the Building or the Project from any cause. Without limiting the foregoing, except to the extent caused by Landlord's or Landlord's Affiliates' negligence or willful misconduct and subject to the waiver of subrogation, neither Landlord nor any of its partners, officers, trustees, affiliates, directors, employees, contractors, agents or representatives (collectively, "Affiliates") shall be liable for and there shall be no abatement of Rent (except in the event of a casualty loss or a condemnation as set forth in Paragraph 9 and Paragraph 10 of this Lease and except as otherwise provided in this Lease, including Paragraph 7(f)) for (i) any damage to Tenant's property stored with or entrusted to Affiliates of Landlord, (ii) loss of or damage to any property by theft or any other wrongful or illegal act, or (iii) any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or the Project or from the pipes, appliances, appurtenances or plumbing works therein or from the roof, street or sub-surface or from any other place or resulting from dampness or any other cause whatsoever or from the acts or omissions of other tenants, occupants or other visitors to the Building or the Project or from any other cause whatsoever, (iv) any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Building, whether within or outside of the Project, or (v) except as otherwise provided in this Lease, any latent or other defect in the Premises, the Building or the Project, except for damage to property which Landlord insures or is required to insure pursuant to the terms and conditions of this Lease and except for injury to persons to the extent caused by the negligence or willful misconduct of the Landlord or Landlord Affiliates. To the extent Landlord does not have knowledge of the same, Tenant shall give prompt notice to Landlord in the event of (i) the occurrence of a fire or accident in the Premises or in the Building, or (ii) the discovery of a defect therein or in the fixtures or equipment thereof. This Paragraph 8(a) shall survive the expiration or earlier termination of this Lease.

(b) Tenant hereby agrees to indemnify, protect, defend and hold harmless Landlord and its designated property management company, and their respective partners, members, affiliates and subsidiaries, and all of their respective officers, trustees, directors, shareholders, employees, servants, partners, representatives, insurers and agents (collectively, "Landlord Indemnitees") for, from and against all liabilities, claims, fines, penalties, costs, damages or injuries to persons, damages to property, losses, liens, causes of action, suits, judgments and expenses (including court costs, attorneys' fees, expert witness fees and costs of investigation), of any nature, kind or description of any person or entity ("Claims"), directly or indirectly arising out of, caused by, or resulting from (in whole or part) (1) Tenant's construction of, or use, occupancy or enjoyment of, the Premises, (2) any activity, work or other things done, permitted or suffered by Tenant and its agents and employees in or about the Premises, (3) any breach or default in the performance of any of Tenant's obligations under this Lease, (4) any negligence or willful misconduct of Tenant or any of its agents, contractors, employees, business invitees or licensees, or (5) any damage to Tenant's property, or the property of Tenant's agents, employees, contractors, business invitees or licensees, located in or about the Premises (collectively, "Liabilities"), provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or the Landlord's Indemnitees in connection with Landlord's or Landlord's Indemnitees' activities in the Building or the Project (except for damage to the Tenant Improvements, Alterations, and/or Tenant's personal property, fixtures, furniture and equipment in the Premises, to the extent Tenant is required to obtain the requisite insurance coverage pursuant to this Lease for any such Tenant Improvements, Alterations or

personal property, fixtures, furniture or equipment), and Landlord hereby so indemnifies, defends, protects and holds Tenant and Tenant's Affiliates harmless from any such claims and from claims to the extent resulting from a breach of the terms of this Lease by Landlord; provided further that because Landlord is required to maintain property insurance on the Building and the Project and Tenant compensates Landlord for such property insurance as part of Tenant's Proportionate Share of Operating Expenses and because of the existence of waivers of subrogation set forth in this Lease, Landlord hereby indemnifies, defends, protects and holds Tenant harmless from any Claim to any property to the extent such Claim is covered by such Landlord's property insurance (or would have been covered if Landlord had carried the property insurance required hereunder), even if resulting from the negligent acts, omissions, or willful misconduct of the Tenant's Affiliates. Similarly, since Tenant must carry insurance pursuant to this Paragraph 8 to cover its personal property within the Premises, the Tenant Improvements, and the Alterations, Tenant hereby indemnifies and holds Landlord harmless from any Claim to any property within the Premises, to the extent such Claim is covered by such insurance (or would have been covered if Tenant had carried the insurance required hereunder), even if resulting from the negligent acts, omissions or willful misconduct of the Landlord or Landlord Affiliates. Pursuant to this Paragraph 8, Tenant's agreement to indemnify, defend, protect and hold Landlord harmless, and Landlord's agreement to indemnify, defend, protect and hold Tenant harmless are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Landlord or Tenant, respectively, pursuant to this Lease to the extent such policies cover the results of such acts, omissions or willful misconduct. Should Landlord or Tenant be named as a defendant in connection with a Claim which the subject party is to be indemnified by the other party pursuant to the terms hereof, the indemnifying party shall pay the indemnified party's actual and reasonable costs and expenses incurred in such suit, including without limitation, its actual professional fees such as reasonable appraisers', accountants' and attorneys' fees. Notwithstanding anything in this Lease to the contrary, nothing in this Lease shall impose any obligations upon Landlord or Tenant to be responsible or liable for, and each hereby releases the other from all liability for, consequential damages, other than those consequential damages incurred by Landlord in connection with (i) a holdover of the Premises by Tenant after the expiration or earlier termination of this Lease, and (ii) any repair, physical construction or improvement work performed by or on behalf of Tenant in the Project. This Paragraph 8(b) shall survive the expiration or earlier termination of this Lease.

(c) Tenant shall promptly advise Landlord in writing of any action, administrative or legal proceeding or investigation as to which this indemnification may apply, and Tenant, at Tenant's expense, shall assume on behalf of each and every Landlord Indemnitee and conduct with due diligence and in good faith the defense thereof with counsel reasonably approved by Landlord; provided, however, that any Landlord Indemnitee shall have the right, at its option, to be represented therein by advisory counsel of its own selection and at its own expense. In the event of failure by Tenant to fully perform in accordance with this Paragraph within applicable notice and cure periods, Landlord, at its option, and without relieving Tenant of its obligations hereunder, may so perform, but all costs and expenses so incurred by Landlord in that event shall be reimbursed by Tenant to Landlord, together with interest on the same at the interest rate equal to the floating commercial loan rate announced from time to time by Wells Fargo Bank, a national banking association, or its successor, as its prime rate, plus 2% per annum (the "Interest Rate") from the date any such expense was paid by Landlord until reimbursed by Tenant. Landlord shall promptly advise Tenant in writing of any action, administrative or legal proceeding or investigation as to which this indemnification may apply, and Landlord, at Landlord's expense, shall assume on behalf of each and every Tenant indemnitee and conduct with due diligence and in good faith the defense thereof with counsel reasonably approved by Tenant; provided, however, that any Tenant indemnitee shall have the right, at its option, to be represented therein by advisory counsel of its own selection and at its own expense. In the event of failure by Landlord to fully perform in accordance with this Paragraph within applicable notice and cure periods, Tenant, at its option, and without relieving Landlord of its obligations hereunder, may so perform, but all costs and expenses so incurred by Tenant in that event shall be reimbursed by Landlord to Tenant, together with interest on the same at the Interest Rate from the date any such expense was paid by Tenant until reimbursed by Landlord. The indemnification provided in Paragraph 8(b) shall not be limited to damages, compensation or benefits payable under insurance policies, workers' compensation acts, disability benefit acts or other employees' benefit acts.

(d) Insurance.

(i) Tenant Insurance Requirement. Tenant, at Tenant's expense, agrees to keep in force during the Term of this Lease:

(A) Commercial general liability insurance which insures against claims for bodily injury, personal injury, advertising injury, property damage and liquor liability coverage based upon, involving, or arising out of the use, occupancy, or maintenance of the Premises and the Project. Such insurance shall afford, at a minimum, the following limits:

Each Occurrence	$1,000,000
General Aggregate	2,000,000
Products/Completed Operations Aggregate	1,000,000
Personal and Advertising Injury Liability	1,000,000
Fire Damage Legal Liability	100,000
Medical Payments	5,000

Any general aggregate limit shall apply on a per location basis. Tenant's commercial general liability insurance shall include Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives, as additional insureds. This coverage shall be written on the most current ISO CGL form (or its equivalent), shall include contractual liability, premises-operations and products-completed operations and shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke, or fumes from a hostile fire. Such insurance shall be written on an occurrence basis and contain a standard separation of insureds provision. Such insurance shall cover any claims arising from any dogs brought onto the Project by any of Tenant's employees, agents or sublessees.

(B) Business automobile liability insurance covering owned, hired and non-owned vehicles with minimum limits of $1,000,000 combined single limit per occurrence.

(C) Workers' compensation insurance in accordance with the laws of the state in which the Premises are located with employer's liability insurance in an amount not less than $1,000,000.

(D) Umbrella/excess liability insurance, on an occurrence basis, that applies excess of the required commercial general liability, business automobile liability, and employer's liability policies with the following minimum limits:

Each Occurrence	$4,000,000
Annual Aggregate	$4,000,000

Umbrella/Excess liability policies shall contain an endorsement stating that any entity qualifying as an additional insured on the insurance stated in the Schedule of Underlying Insurance shall be an additional insured on the umbrella/excess liability policies, and that they apply immediately upon exhaustion of the insurance stated in the Schedule of Underlying Insurance as respects the coverage afforded to any additional insured. The umbrella/excess liability policies shall also provide that they apply before any other insurance, whether primary, excess, contingent or on any other basis, available to an additional insured on which the additional insured is a named insured (which shall include any self-insurance), and that the insurer will not seek contribution from such insurance.

(E) Property insurance "the equivalent of causes of loss special form" including flood, windstorm, theft, sprinkler leakage, earthquake sprinkler leakage ($500,000 limit) and boiler and machinery coverage (i) on all of Tenant's trade fixtures, furniture, inventory and other personal property in the Premises, and (ii) on any alterations, additions, or improvements made by Tenant upon the Premises all for the full replacement cost thereof. Notwithstanding the foregoing, in no event shall Landlord be liable for any damages to Tenant's trade fixtures, furniture, inventory and other personal property in the Premises, and on any alterations, additions, or improvements made by Tenant upon the Premises arising from any earthquake or similar casualty. Tenant shall use the proceeds from such insurance under item (ii) for the restoration of Tenant's improvements, alterations, and additions to the Premises. Landlord shall be named as loss payee with respect to alterations, additions, or improvements on the Premises where the tenant cannot remove at the end of the lease term wherein ownership then reverts to the landlord.

(F) Business income and extra expense insurance with limits not less than one hundred percent (100%) of all income and charges payable by Tenant under this lease for a period of twelve (12) months.

(G) Landlord and Tenant acknowledge that Tenant shall have the right to cover its insurance requirements set forth in this Paragraph 8(d)(i) with a combination of general liability, umbrella insurance and blanket coverages, provided that the amounts (based upon the general liability policy and the allocations of the umbrella policy) and other conditions required to be satisfied by the terms of this Paragraph 8 are satisfied by such coverages.

(ii) Insurer Rating; Certificates of Insurance. All policies required to be carried by Tenant hereunder shall be issued by an insurance company licensed or authorized to do business in the state in which the Property is located with a rating of at least "A-: X" or better as set forth in the most current issue of Best's Insurance Reports, unless otherwise approved by Landlord. Tenant shall not do or permit anything to be done that would invalidate the insurance policies required herein. Liability insurance maintained by Tenant shall be primary coverage on behalf of Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives and any policies of Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives shall be non contributory. Certificates of insurance, reasonably acceptable to Landlord, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord prior to delivery or possession of the Premises and ten (10) days following each renewal date. Certificates of insurance shall evidence that Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives are included as additional insureds on liability policies and that Landlord is included as loss payee on the property insurance as stated in Paragraph 8(d)(E) above. Tenant shall give Landlord and each of the other additional insureds at least ten (10) days prior written notice of cancellation, non-renewal or material change in coverage.

(A) In the event that Tenant fails to provide evidence of insurance required to be provided by Tenant in this Lease, prior to the Commencement Date and thereafter during the Lease Term, within ten (10) days following Landlord's request thereof, and ten (10) days prior to the expiration of any such coverage, Landlord shall be authorized (but not required) to procure such coverage in the amount stated with all costs thereof to be chargeable to Tenant and payable within thirty (30) days of receipt of written invoice thereof.

(B) The limits of insurance required by this Lease, or as carried by Tenant and Landlord hereunder, shall not limit the liability of Landlord or Tenant or relieve Landlord or Tenant of any obligation thereunder, except to the extent provided for under Paragraph 8(e) below. Any deductibles selected by Tenant shall be the sole responsibility of Tenant, except as otherwise provided herein.

(C) Tenant insurance requirements set forth in this Paragraph 8(d) are based upon current industry standards. Landlord reserves the right to require additional coverage or to increase limits as industry standards change, but in no event in excess of the amounts and types of insurance then being required by landlords of Comparable Buildings from tenants comparable in size to Tenant.

(D) Should Tenant engage the services of any contractor to perform work in the Premises, Tenant shall ensure that such contractor carries commercial general liability, business automobile liability, umbrella/excess liability, worker's compensation and employers liability coverages in substantially the same forms as required of the Tenant under this Lease and in amounts reasonably approved by Landlord and/or Landlord's property manager and consistent with the requirements of Comparable Buildings. Contractor shall include Landlord, its trustees, officers, directors, members, agents and employees, Landlord's mortgagees and Landlord's representatives as additional insureds on the liability policies required hereunder.

All policies required to be carried by any contractor shall be issued by and binding upon an insurance company licensed or authorized to do business in the state in which the Project is located with a rating of at least "A-: X" or better as set forth in the most current issue of Best's Insurance Reports, unless otherwise

approved by Landlord. Certificates of insurance, acceptable to Landlord, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord prior to the commencement of any work in the Premises. Further, Tenant shall give Landlord and each of the other additional insureds with at least thirty (30) days' prior written notice of any cancelation, non-renewal or material change in Tenant's insurance coverage. The above requirements shall apply equally to any subcontractor engaged by contractor.

(iii) Landlord Insurance. Landlord shall procure and maintain the following:

(A) Property insurance "the equivalent of causes of loss special form" on the Project; provided, however, any Landlord who is not the originally named Landlord hereunder shall provide such property insurance on the Project (including the base building) and the Project during the Lease Term against loss or damage due to fire and other casualties covered within the classification of fire and extended coverage, vandalism coverage and malicious mischief, sprinkler leakage, water damage and special extended coverage and all other risks normally covered under "special form" policies as well as commercial general liability insurance including a commercial broad form endorsement or the equivalent in the amount of at least Five Million Dollars ($5,000,000.00) against claims of bodily injury, personal injury or property damage arising out of Landlord's operations, assumed liabilities (including the liabilities assumed by Landlord under this Lease), contractual liabilities, or use of the Building, Project, Common Areas and adjacent parking structure. Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine, provided that to the extent consistent with the practices of landlords of Comparable Buildings, such coverage shall (i) be for full replacement of the Building and the Project in compliance with all then existing applicable Laws; (ii) provide for rent continuation insurance equal to not less than twelve (12) months' rent; and (iii) be with companies and have policies meeting the criteria set forth in Paragraph 8(ii) of this Lease. Notwithstanding the foregoing provisions of this Paragraph 8(iii), the coverage and amounts of insurance carried by Landlord in connection with the Building shall at a minimum be comparable to the coverage and amounts of insurance which are carried by reasonably prudent landlords of Comparable Buildings. Landlord shall not be obligated to insure any furniture, equipment, trade fixtures, machinery, goods, or supplies which Tenant may keep or maintain in the Premises or any alteration, addition, or improvement which Tenant may make upon the Premises. In addition, Landlord may elect to secure and maintain rental income insurance. If the annual cost to Landlord for such property or rental income insurance exceeds the standard rates because of the nature of Tenant's operations, Tenant shall, upon receipt of appropriate invoices, reimburse Landlord for such increased cost.

(B) Commercial general liability insurance, which shall be in addition to, and not in lieu of, insurance required to be maintained by Tenant. Tenant shall not be included as an additional insured on any policy of liability insurance maintained by Landlord.

(e) Mutual Waivers of Recovery. Landlord, Tenant, and all parties claiming under them, each mutually release and discharge each other from responsibility for that portion of any loss or damage paid or reimbursed by an insurer of Landlord or Tenant under any fire, extended coverage or other property insurance policy maintained by Tenant with respect to its Premises or by Landlord with respect to the Building or the Project (or which would have been paid had the insurance required to be maintained hereunder been in full force and effect), no matter how caused, including negligence, and each waives any right of recovery from the other including, but not limited to, claims for contribution or indemnity, which might otherwise exist on account thereof. Any fire, extended coverage or property insurance policy maintained by Tenant with respect to the Premises, or Landlord with respect to the Building or the Project, shall contain, in the case of Tenant's policies, a waiver of subrogation provision or endorsement in favor of Landlord, and in the case of Landlord's policies, a waiver of subrogation provision or endorsement in favor of Tenant, or, in the event that such insurers cannot or shall not include or attach such waiver of subrogation provision or endorsement, Tenant and Landlord shall obtain the approval and consent of their respective insurers, in writing, to the terms of this Lease. The mutual releases, discharges and waivers contained in this provision shall apply EVEN IF THE LOSS OR DAMAGE TO WHICH THIS PROVISION APPLIES IS CAUSED SOLELY OR IN PART BY THE NEGLIGENCE OF LANDLORD OR TENANT. If either party fails to carry the amounts and types of insurance required to be carried by it pursuant to this Paragraph 8, in addition to any remedies the other party may have under this Lease, such failure shall be deemed to be a covenant and agreement by such party to self-insure with respect to the type and amount of insurance which such party so failed to carry, with full waiver of subrogation with respect thereto (provided that nothing contained herein shall be construed as granting Landlord or Tenant the right to self-insure the obligations set forth in this Paragraph 8).

(f) Business Interruption. Landlord shall not be responsible for, and Tenant releases and discharges Landlord from, and Tenant further waives any right of recovery from Landlord for, any loss for or from business interruption or loss of use of the Premises suffered by Tenant in connection with Tenant's use or occupancy of the Premises, EVEN IF SUCH LOSS IS CAUSED SOLELY OR IN PART BY THE NEGLIGENCE OF LANDLORD.

(g) Adjustment of Claims. Tenant shall reasonably cooperate with Landlord and Landlord's insurers in the adjustment of any insurance claim pertaining to the Building or the Project or Landlord's use thereof.

(h) Increase in Landlord's Insurance Costs. Tenant agrees to pay to Landlord any increase in premiums for Landlord's insurance policies solely resulting from Tenant's non-general office use or occupancy of the Premises (including, without limitation, any increase in insurance costs relating to the construction and use of the Kitchen Area (as defined in Paragraph 19(rr) below) and any improvements being constructed on the Rooftop Deck (as defined in Paragraph 19(hh) below)).

(i) Failure to Maintain Insurance. Any failure of Tenant to obtain and maintain the insurance policies and coverages required hereunder or failure by Tenant to meet any of the insurance requirements of this Lease shall constitute an event of default hereunder if not cured within five (5) business days, and such failure shall entitle Landlord to pursue, exercise or obtain any of the remedies provided for in Paragraph 12(b), and Tenant shall be solely responsible for any loss suffered by Landlord as a result of such failure. In the event of failure by Tenant to maintain the insurance policies and coverages required by this Lease or to meet any of the insurance requirements of this Lease within the applicable five (5) business day period set forth in this Paragraph 8(i), Landlord, at its option, and without relieving Tenant of its obligations hereunder, may obtain said insurance policies and coverages or perform any other insurance obligation of Tenant, but all costs and expenses incurred by Landlord in obtaining such insurance or performing Tenant's insurance obligations shall be reimbursed by Tenant to Landlord, together with interest on same from the date any such cost or expense was paid by Landlord until reimbursed by Tenant, at the Default Rate.

9. FIRE OR CASUALTY

(a) Subject to the provisions of this Paragraph 9, in the event the Premises, or access thereto, is wholly or partially destroyed by fire or other casualty, Landlord shall (to the extent permitted by Law and covenants, conditions and restrictions then applicable to the Project) rebuild, repair or restore the Premises and access thereto to substantially the same condition as existing immediately prior to such destruction (excluding Tenant's Alterations, trade fixtures, equipment and personal property, which Tenant shall be required to restore, except as provided in Paragraph 9(b) below) and this Lease shall continue in full force and effect. Notwithstanding the foregoing, Landlord's obligation to rebuild, repair or restore the Premises shall not apply to any personal property or other similar items installed or contained in the Premises.

(b) To the extent Landlord does not have actual knowledge of same, Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises, the base building or any Common Areas serving or providing access to the Premises or adjacent parking structure shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Paragraph 9(b), restore the base building and such Common Areas. Such restoration shall be to substantially the same condition of the base building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other applicable Laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed reasonably desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises, the adjacent parking structure and any common restrooms serving the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, upon notice (the "Landlord Repair Notice") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Paragraph 8(d)(i)(E) of this Lease, and Landlord shall repair any injury or damage to the Tenant Improvements and Alterations installed in the Premises and shall return such Tenant Improvements and Alterations to their original condition; provided that if the actual cost of such repair by Landlord (based on competitive pricing without any profit or mark-up to Landlord or its affiliates

but subject to Landlord's reasonable, actual out-of-pocket management fee) exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the excess cost of such repairs shall be paid by Tenant to Landlord on a progress payment basis during Landlord's repair of the damage. Tenant's insurance proceeds shall be disbursed for all costs and expenses incurred by Landlord in connection with the repair of any such damage to the Tenant Improvements and Alterations pursuant to a disbursement procedure mutually approved by Landlord and Tenant. As long as the Tenant Improvements and Alterations in the Premises are rebuilt, Tenant shall be entitled to retain any portion of the proceeds of its insurance described in Paragraph 8(d)(i) in excess of the cost of such restoration. Landlord shall use commercially reasonable efforts to minimize any such inconvenience, annoyance or interference to Tenant resulting from Landlord's repair of any damage. In the event that Landlord does not deliver the Landlord Repair Notice within sixty (60) days following the date the casualty becomes known to Landlord, if this Lease does not terminate pursuant to this Paragraph 9, Tenant shall, at its sole cost and expense, repair any injury or damage to the Tenant Improvements and the Alterations installed in the Premises and shall return such Tenant Improvements and Alterations to their original condition. Whether or not Landlord delivers a Landlord Repair Notice, prior to the commencement of construction, if this Lease does not terminate pursuant to Paragraph 9 below or for any other reason, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall select the non-affiliated independent third party contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or the Tenant parties, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary for Tenant to reasonably conduct Tenant's permitted use, and the Premises (or a portion thereof) are not occupied by Tenant as a result thereof, then during the time and to the extent the Premises are unfit for the permitted use, the Rent shall be abated (including, in the event that Tenant performs such repairs, abatement during a commercially reasonable period of build-out time (not to exceed ninety (90) days plus sixty (60) days for planning and permitting) and a weekend to move-in) in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for the permitted use bears to the total rentable square feet of the Premises; provided, further, if the Premises is damaged such that the remaining portion thereof is not sufficient to allow Tenant to conduct its business operations from such remaining portion and Tenant does not conduct its business operations therefrom, Landlord shall allow Tenant a total abatement of Rent during the time and to the extent the Premises are unfit for occupancy for the permitted use, and not occupied by Tenant as a result of the subject damage (including, in the event that Tenant performs such repairs, abatement during a commercially reasonable period of build-out time (not to exceed ninety (90) days plus sixty (60) days for planning and permitting) and a weekend to move-in). In the event that Landlord shall not deliver the Landlord Repair Notice, Tenant's right to rent abatement pursuant to the preceding sentence shall terminate as of the date Tenant should have completed repairs to the Premises assuming Tenant used reasonable due diligence in connection therewith. Notwithstanding the terms of Paragraph 9 of this Lease above, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant ninety (90) days to vacate the Premises, but Landlord may so elect only if (a) the Building or Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, (b) Landlord elects to terminate the leases of all other tenants of the Project similarly affected by the damage and destruction and (c) one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within three hundred sixty-five (365) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof in excess of the "Landlord Contribution," as that term is defined below, be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) the damage is not fully covered, except for the Landlord Contribution, by Landlord's insurance policies (or by the insurance Landlord is required to carry under this Lease); or (iv) if, after good-faith due diligent efforts, Landlord has not obtained appropriate governmental approvals for reconstruction of the Project, Building or Premises; provided, however, that if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs cannot, in the reasonable opinion of a licensed architect or contractor reasonably selected by Landlord (the "Restoration Estimate"), be completed within three hundred sixty-five (365) days after the damage or destruction is discovered (which period shall be subject to extension for up to sixty (60) days as a result of an event of force majeure), Tenant may, within thirty (30) days following Landlord's election to rebuild and/or restore the Premises, Building and/or Project, elect to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than ninety (90) days after the date such notice is given by Tenant. Furthermore, if neither Landlord nor Tenant has terminated this Lease, and the repairs are not actually completed within the later of three

hundred sixty five (365) days following the date of discovery of the damage or the timeframe set forth in the Restoration Estimate, Tenant shall have the right to terminate this Lease during the first five (5) business days of each calendar month following the end of such period until such time as the repairs are complete, by notice to Landlord (the "Damage Termination Notice"), effective as of a date set forth in the Damage Termination Notice (the "Damage Termination Date"), which Damage Termination Date shall not be less than ten (10) business days nor more than ninety (90) days following the end of each such month. At any time, from time to time, after the date occurring sixty (60) days after the date the damage is discovered, Tenant may request that Landlord provide Tenant with a certificate from the architect or contractor described above setting forth such architect's or contractor's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within fifteen (15) business days. For purposes of this Paragraph 9, the "Landlord Contribution" shall mean $2,000,000.00. In the event that the Premises or the Building is destroyed or damaged to any substantial extent during the last twelve (12) months of the Lease Term, and, in the reasonable judgment of Landlord, the damage or destruction to the Premises or Building cannot be repaired by the date which occurs fifty percent (50%) of the way through the then remaining Lease Term, then notwithstanding anything contained in this Paragraph 9, either Landlord or Tenant shall have the option to terminate this Lease by giving written notice to the other party of the exercise of such option within thirty (30) days after such damage or destruction, in which event this Lease shall cease and terminate one hundred twenty (120) days after the date of such notice, Tenant shall pay the Base Rent and Additional Rent, properly apportioned up to such date of damage, and both parties hereto shall thereafter be freed and discharged of all further obligations hereunder, except as provided for in provisions of this Lease which by their terms survive the expiration or earlier termination of the Lease Term. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises, the Building or the Project. This Lease sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of California Civil Code Section 1932, Subsection 2, and Section 1933, Subsection 4 (and any successor statutes thereof permitting the parties to terminate this Lease as a result of any damage or destruction).

10. EMINENT DOMAIN

In the event the whole of the Premises, the Building or the Project shall be taken under the power of eminent domain, or sold to prevent the exercise thereof (collectively, a "Taking"), this Lease shall automatically terminate as of the date of such Taking. In the event a Taking of a portion of the Project, the Building or the Premises shall, in the reasonable opinion of Landlord, substantially interfere with Landlord's operation thereof, Landlord may terminate this Lease upon thirty (30) days' written notice to Tenant given at any time within sixty (60) days following the date of such Taking; provided, however, that (i) Landlord shall only have the right to terminate this Lease as provided herein if Landlord terminates the leases of all tenants in the Building similarly affected by the taking, and (ii) to the extent that the Premises are not adversely affected by such taking and Landlord continues to operate the Building as an office building, Landlord shall not terminate this Lease. For purposes of this Lease, the date of Taking shall be the earlier of the date of transfer of title resulting from such Taking or the date of transfer of possession resulting from such Taking. In the event that a portion of the Premises is so taken and this Lease is not terminated, Landlord shall, to the extent of proceeds paid to Landlord as a result of the Taking, with reasonable diligence, use commercially reasonable efforts to proceed to restore (to the extent permitted by Law and covenants, conditions and restrictions then applicable to the Project) the Premises (other than Tenant's personal property and fixtures, and above-standard tenant improvements) to a complete, functioning unit. In such case, the Base Rent and Additional Rent shall be reduced proportionately based on the portion of the Premises so taken. If all or any portion of the Premises is the subject of a temporary Taking of less than one hundred eighty (180) days, this Lease shall remain in full force and effect and Tenant shall continue to perform each of its obligations under this Lease; in such case, Tenant shall be entitled to receive the entire award allocable to the temporary Taking of the Premises. If more than twenty-five percent (25%) of the rentable square feet of the Premises is taken or if access to Tenant's Premises is permanently blocked as a result of such Taking, Tenant, by providing written notice within thirty (30) days following the notice of such Taking, shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Except as provided herein, Tenant shall not assert any claim against Landlord or the condemning authority for, and hereby assigns to Landlord, any compensation in connection with any such Taking, and Landlord shall be entitled to receive the entire amount of any award therefor, without deduction for any estate or interest of Tenant. All Rent shall be apportioned as of the date of such termination. Nothing contained in this Paragraph 10 shall be deemed to give Landlord any interest in, or prevent Tenant from seeking any award against the condemning authority for the Taking of personal property, fixtures, above standard tenant improvements of Tenant or for relocation or moving expenses recoverable by Tenant from the condemning authority. This Paragraph 10 shall be Tenant's sole and exclusive remedy

in the event of a Taking. This Lease sets forth the terms and conditions upon which this Lease may terminate in the event of a Taking. Accordingly, the parties waive the provisions of the California Code of Civil Procedure Section 1265.130 and any successor or similar statutes permitting the parties to terminate this Lease as a result of a Taking.

11. ASSIGNMENT AND SUBLETTING

(a) Except as otherwise provided herein, Tenant shall not directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, assign, sublet, mortgage or otherwise encumber all or any portion of its interest in this Lease or in the Premises or grant any license for any person other than Tenant or its employees to use or occupy the Premises or any part thereof without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld and shall be granted or denied within twenty (20) business days. Any such attempted assignment, subletting, license, mortgage, other encumbrance or other use or occupancy without the consent of Landlord shall, at Landlord's option, be null and void and of no effect. Except as otherwise provided herein, any mortgage, or encumbrance of all or any portion of Tenant's interest in this Lease or in the Premises and any grant of a license for any person other than Tenant or its employees to use or occupy the Premises or any part thereof shall be deemed to be an "assignment" of this Lease. Notwithstanding anything to the contrary contained in this Lease, (A) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant or an affiliate of Tenant ("Tenant Affiliate")), (B) a sale of corporate shares of capital stock in Tenant or in a Tenant Affiliate in connection with an initial public offering of Tenant's or such Tenant Affiliate's stock on a nationally-recognized stock exchange, (C) an assignment of the Lease to an entity which acquires all or substantially all of the stock, interests or assets of Tenant or in a Tenant Affiliate, or (D) an assignment of the Lease to an entity which is the resulting entity of a merger, consolidation or other reorganization of Tenant or a Tenant Affiliate during the Lease Term, shall not be deemed a transfer requiring Landlord's consent under this Paragraph 11 or be subject to this Paragraph 11(e) (any such assignee or sublessee described in items (A) through (D) of this Paragraph 11 hereinafter referred to as a "Transfer Assignee"), provided that (i) Tenant notifies Landlord at least thirty (30) days following the effective date of any such assignment or sublease and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such transfer or Transfer Assignee as set forth above, (ii) Tenant is not in monetary default, beyond any applicable notice and cure period, and such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (iii) no assignment or sublease relating to this Lease, whether with or without Landlord's consent, shall relieve Tenant from any liability under this Lease, (iv) the liability of such Transfer Assignee under either an assignment or sublease shall be joint and several with Tenant, and (v) the tangible net worth (exclusive of good will) of such Transfer Assignee is at least equal to the tangible net worth of the Tenant immediately prior to the date of such transfer. An assignee of Tenant's entire interest in this Lease who qualifies as a Transfer Assignee may also be referred to herein as a "Transfer Assignee." "Control," as used in this Paragraph 11, shall mean the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of more than fifty percent (50%) of the voting interest in, any person or entity.

(b) No assignment or subletting shall relieve Tenant of its obligation to pay the Rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any subletting or assignment. Consent by Landlord to one subletting or assignment shall not be deemed to constitute a consent to any other or subsequent attempted subletting or assignment. If Tenant desires at any time to assign this Lease or to sublet the Premises or any portion thereof, it shall first notify Landlord of its desire to do so and shall submit in writing to Landlord all pertinent information reasonably requested by Landlord relating to the proposed assignee or sublessee, all pertinent information reasonably requested by Landlord relating to the proposed assignment or sublease, and all such financial information as Landlord may reasonably request concerning the Tenant and proposed assignee or subtenant. Within twenty (20) business days after receipt of such pertinent information, Landlord shall either (i) provide its consent with respect to such proposed assignment or sublease, or (ii) reasonably withhold its consent of such proposed assignment or sublease. Any assignment or sublease shall be expressly subject to the terms and conditions of this Lease.

(c) [Intentionally Deleted].

(d) Tenant acknowledges that it shall be reasonable for Landlord to withhold its consent to a proposed assignment or sublease in any of the following instances:

(i) The assignee or sublessee (or any affiliate of the assignee or sublessee) is not, in Landlord's reasonable opinion, sufficiently creditworthy to perform the obligations such assignee or sublessee will have under this Lease;

(ii) The intended use of the Premises by the assignee or sublessee is not for the permitted use hereunder;

(iii) The intended use of the Premises by the assignee or sublessee would materially increase the pedestrian or vehicular traffic to the Premises or the Building or materially adversely affect any Building system or otherwise create a density on any given floor in the Premises that is greater than the density as set forth in the Initial Space Plan (i.e., the densities on each floor in the Initial Space Plan are different and Landlord shall be permitted to reasonably deny its consent if the density on a particular floor will increase from what is shown in the Initial Space Plan for such floor);

(iv) Occupancy of the Premises by the assignee or sublessee would, in the good faith judgment of Landlord, violate any agreement binding upon Landlord, the Building or the Project with regard to the identity of tenants, usage in the Building, or similar matters (provided, that if Landlord asserts this basis as the reason for denying its consent then Landlord shall advise Tenant of such fact and, subject to applicable confidentiality agreements binding on Landlord, shall provide Tenant with the applicable excerpt of such agreement);

(v) The assignee or sublessee (or any affiliate of the assignee or sublessee) is then negotiating with Landlord or has negotiated with Landlord within the previous nine (9) months, or is a current tenant or subtenant within the Building or Project, and Landlord has comparable space in the Project available for lease (or will have such space available for lease in the next nine (9) months);

(vi) The transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project as reflected by the then-existing tenants of the Project and Comparable Buildings with respect to comparable space;

(vii) The proposed sublease would result in more than seven (7) subleases of separately demised portions of the Premises (provided, however, in no event shall any floor (other than the fourth (411) floor of the Building which may be subject to three (3) subleases) be subject to more than two (2) subleases) being in effect at any one time during the Lease Term or require the installation of more than one common area corridor in the aggregate (it being acknowledged that in the case any common area corridor is constructed that Tenant shall be responsible for all costs associated with such common area corridor and, in the event Tenant exercises its cancellation option in accordance with Addendum Three attached hereto, Landlord shall have the right to require Tenant to remove the common area corridor at the expiration of the Lease) and require Tenant to restore the Premises to the condition prior to the installation of such common area corridor);

(viii) In the case of a sublease, the subtenant has not acknowledged that the Lease controls over any inconsistent provision in the sublease; or

(ix) The proposed assignee or sublessee intends to use the Premises as offices of any agency or bureau of the United States or any state or political subdivision thereof or offices or agencies of any foreign government or political subdivision thereof.

The foregoing criteria shall not exclude any other reasonable basis for Landlord to refuse its consent to such assignment or sublease. Notwithstanding any contrary provision of this Lease, Tenant shall not be entitled to receive monetary damages based upon a claim that Landlord unreasonably withheld its consent to a proposed assignment or sublease and Tenant's sole remedy shall be an action to enforce any such provision through specific performance or declaratory judgment or the expedited arbitration procedure specified in the Paragraph below. Any attempted sublease or assignment in violation of this Paragraph 11 is voidable at Landlord's option.

In the event Tenant claims that Landlord unreasonably withheld its consent to a proposed sublease or assignment by Tenant, Tenant shall send Landlord a written notice within five (5) business days of Landlord's decision to withhold consent (the "Dispute Notice"), specifying the grounds on which Tenant claims the consent was unreasonably withheld and electing to have the dispute resolved by arbitration as hereinbelow provided (the "Expedited Arbitration"). In the Dispute Notice, Tenant shall designate an arbitrator of its selection who meets the qualifications provided below. Within five (5) business days after receipt of the Dispute Notice, Landlord shall notify Tenant of its selection of an arbitrator who meets the qualifications provided below. Landlord's and Tenant's arbitrators shall then select a third, neutral arbitrator who meets the qualifications provided below. The Expedited Arbitration shall be held at such neutral arbitrator's office. Each of the arbitrators shall (1) have at least ten (10) years' experience in either managing Class A office buildings or representing owners in the leasing of Class A office buildings, (2) not have represented Landlord or Tenant during the preceding five years, and (3) have general experience and competence in determining the issue at hand. The Expedited Arbitration shall be held on a mutually agreeable date which shall be no less than ten (10) business days and no more than twenty (20) business days after Landlord's receipt of the Dispute Notice. The Expedited Arbitration shall be conducted in accordance with the rules of the American Arbitration Association and the scope of the arbitrators' inquiry and determination shall be strictly limited to whether Landlord has been reasonable in withholding its consent to the proposed sublease or assignment. The determination of the majority of the arbitrators shall be conclusive and binding upon the parties and shall be made within five (5) business days after completion of the hearing. The unsuccessful party shall pay all of the fees and expenses of the three (3) arbitrators charged in connection with the Expedited Arbitration but each party shall be responsible to pay its own legal fees and costs. In the event the arbitrators find that Landlord unreasonably withheld its consent to the proposed sublease or assignment, Tenant may proceed with the proposed sublease or assignment provided Tenant complies with all the terms and conditions of this Lease. The arbitrators' decision may be entered as a final judgment in the court records of the applicable jurisdiction.

(e) Except as otherwise provided herein, if any Tenant is a corporation, partnership or other entity that is not publicly traded on a recognized national stock exchange, any transaction or series of related or unrelated transactions (including, without limitation, any dissolution, merger, consolidation or other reorganization, any withdrawal or admission of a partner or change in a partner's interest, or any issuance, sale, gift, transfer or redemption of any capital stock of or ownership interest in such entity, whether voluntary, involuntary or by operation of law, or any combination of any of the foregoing transactions) resulting in the transfer of control of such Tenant, shall be deemed to be an assignment of this Lease subject to the provisions of this Paragraph 11. The term "control" as used in this Paragraph 11(e) means the power to directly or indirectly direct or cause the direction of the management or policies of Tenant. Any transfer of control of a subtenant which is a corporation or other entity shall be deemed an assignment of any sublease, subject to the terms of this Paragraph 11. Notwithstanding anything to the contrary in this Paragraph 11(e), if the original Tenant under this Lease is a corporation, partnership or other entity, a change or series of changes in ownership of stock or other ownership interests which would result in direct or indirect change in ownership of less than fifty percent (50%) of the outstanding stock of or other ownership interests in such Tenant as of the date of the execution and delivery of this Lease shall not be considered a change of control.

(f) Notwithstanding any assignment or subletting, Tenant and any guarantor (if any) or surety of Tenant's obligations under this Lease (if any) shall at all times during the Initial Term and any subsequent renewals or extensions remain fully responsible and liable for the payment of the rent and for compliance with all of Tenant's other obligations under this Lease. If Landlord consents to a transfer (specifically excluding events under Paragraph 11(a) for which consent is not required), as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this Paragraph 11(f), actually received by Tenant from such transferee. "Transfer Premium" shall mean all rent, additional rent or other consideration payable (in lieu or in addition to rent) by such transferee in connection with the transfer (as opposed to the sale of Tenant's business) in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (a) any improvement allowance or other economic concession (space planning allowance, moving expenses, etc.,) paid to the sublessee or assignee or the cost of improvements constructed by Tenant in connection therewith; (b) any broker's commission incurred by Tenant in connection with the transfer; (c) reasonable attorneys' fees incurred by Tenant in connection with the negotiation and documentation of the transfer; (d) any lease takeover costs incurred by Tenant in connection with the transfer; (e) any fees charged by Landlord and incurred by Tenant in connection with the transfer; and (f) costs of advertising and marketing such subject space incurred by Tenant in connection with the transfer (collectively, "Subleasing Costs"). "Transfer Premium" shall also

include, but not be limited to, key money, bonus money or other cash consideration paid by transferee to Tenant in connection with such transfer (as opposed to the sale of Tenant's business), and any payment in excess of fair market value for services rendered by Tenant to transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to transferee in connection with such transfer. The determination of the amount of Landlord's applicable share of the Transfer Premium shall be made on a monthly basis as rent or other consideration is received by Tenant under the transfer. Notwithstanding anything contained herein to the contrary, under no circumstances shall Landlord be paid any Transfer Premium until Tenant has recovered all Subleasing Costs for such subject space, it being understood that if in any year the gross revenues, less the deductions set forth and included in Subleasing Costs, are less than any and all costs actually paid in assigning or subletting the affected space (collectively, "Transaction Costs"), the amount of the excess Transaction Costs shall be carried over to the next year and then deducted from net revenues with the procedure repeated until a Transfer Premium is achieved

(g) If this Lease is assigned or if the Premises is subleased (whether in whole or in part), or in the event of the mortgage or pledge of Tenant's leasehold interest, or grant of any concession or license within the Premises, or if the Premises are occupied in whole or in part by anyone other than Tenant, then upon a default by Tenant hereunder beyond applicable notice and cure periods, Landlord may collect Rent from the assignee, sublessee, mortgagee, pledgee, concessionee or licensee or other occupant and, except to the extent set forth in the preceding paragraph, apply the amount collected to the next Rent payable hereunder; and all such Rent collected by Tenant shall be held in deposit for Landlord and immediately forwarded to Landlord. No such transaction or collection of Rent or application thereof by Landlord, however, shall be deemed a waiver of these provisions or a release of Tenant from the further performance by Tenant of its covenants, duties, or obligations hereunder.

(h) if Tenant effects an assignment or sublease or requests the consent of Landlord to any proposed assignment or sublease, then Tenant shall, within thirty (30) days following demand and as a condition to Landlord's consent (if Landlord provides such consent), pay Landlord any reasonable attorneys' and paralegal fees and costs incurred by Landlord in connection with such assignment or sublease or request for consent not to exceed $2,500.00 in aggregate per request. Acceptance of reimbursement of Landlord's attorneys' and paralegal fees shall in no event obligate Landlord to consent to any proposed assignment or sublease.

(i) Notwithstanding any provision of this Lease to the contrary, in the event this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord and shall not constitute the property of Tenant or Tenant's estate within the meaning of the Bankruptcy Code. All such money and other consideration not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid or delivered to Landlord.

(j) The joint and several liability of the Tenant named herein and any immediate and remote successor-in-interest of Tenant (by assignment or otherwise), and the due performance of the obligations of this Lease on Tenant's part to be performed or observed, shall not in any way be discharged, released or impaired by any (a) agreement that modifies any of the rights or obligations of the parties under this Lease, (b) stipulation that extends the time within which an obligation under this Lease is to be performed, (c) waiver of the performance of an obligation required under this Lease, or (d) failure to enforce any of the obligations set forth in this Lease.

(k) Notwithstanding anything in this Lease to the contrary, Tenant may from time to time and upon at least ten (10) days prior written notice to Landlord but without Landlord's consent, subject to all of the provisions of the Lease, permit up to 10,000 square feet of the Rentable Area of the Premises to be used or occupied by individuals or entities having a relationship with Tenant (each such desk or office space user, a "Desk Space User"); provided, that (A) each Desk Space User shall use the Premises in accordance with all of the provisions of this Lease (including providing evidence that each such Desk Space User carries the insurance reasonably required by Landlord), and only for the use expressly permitted pursuant to the Lease, (B) in no event shall the use of any portion of the Premises by a Desk Space User create or be deemed to create any right, title or interest of such Desk Space User in any portion of the Premises or the Lease (other than that as a licensee or sublessee) and in no event shall the space of such Desk Space User be separately demised, (C) such "desk sharing" arrangement shall terminate automatically upon the termination of the Lease, and (D) Tenant shall receive no rent or other payment or consideration for the use or occupancy of any space in the Premises by any Desk Space User in excess of an allocable share of the Rent payable by Tenant under the Lease, provided, however, Tenant may receive payment in excess of such allocable share to the

extent relating to additional services being sold by Tenant to such Desk Space User. Notwithstanding anything in this Paragraph 11(k) to the contrary, in no event shall Tenant permit an individual or entity to occupy the Premises as a Desk Space User as a subterfuge to avoid the requirements of this Paragraph 11 with respect to requesting Landlord's consent for a particular sublease.

12. DEFAULT

(a) Events of Default. The occurrence of any one or more of the following events shall constitute an "event of default" or "default" (herein so called) under this Lease by Tenant: (i) Tenant shall fail to pay Rent or any other rental or sums payable by Tenant hereunder within five (5) business days after Landlord notifies Tenant of such nonpayment; (ii) the failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than monetary failures as specified in Paragraph 12(a)(i) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall commence such cure within said thirty (15) day period and thereafter diligently prosecute such cure to completion, which completion shall occur not later than ninety (90) days from the date of such notice from Landlord; (iii) the making by Tenant of any general assignment for the benefit of creditors, (iv) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days), (v) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days, (vi) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizure is not discharged within sixty (60) days; or (vii) Tenant shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution which are not halted or reversed within sixty (60) days.

Any notice sent by Landlord to Tenant pursuant to this Paragraph 12(a) shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161.

(b) Landlord's Remedies: Termination. In the event of any event of default by Tenant beyond applicable notice and cure periods, in addition to any other remedies available to Landlord under this Lease, at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder and Landlord shall have all the rights and remedies of a Landlord provided by Section 1951.2 of the California Civil Code. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant:

(i) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

(ii) the worth at the time of the award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) 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 the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom, as allowed under applicable Laws.

As used in subparagraph (i) and subparagraph (ii) of Paragraph 12(b) above, the "worth at the time of award" is computed by allowing interest at the Default Rate (as defined below). As used in subparagraph (iii) of Paragraph 12(b) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(c) Landlord's Remedies; Re-Entry Rights. In the event of any event of default by Tenant beyond applicable notice and cure periods, in addition to any other remedies available to Landlord under this Lease, at law or in equity, Landlord shall also have the right, with or without terminating this Lease, to re-enter the Premises and remove all persons and property from the Premises; such property may be removed, stored and/or disposed of pursuant to Paragraph 5(c) of this Lease or any other procedures permitted by applicable Law. No re-entry or taking possession of the Premises by Landlord pursuant to this Paragraph 12(c), and no acceptance of surrender of the Premises or other action on Landlord's part, shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

(d) Continuation of Lease. Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any event of default by Tenant beyond applicable notice and cure periods, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

(e) Landlord's Right to Perform. Except as specifically provided otherwise in this Lease, all covenants and agreements by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement or offset of Rent. If Tenant shall fail to pay any sum of money (other than Base Rent) or perform any other act on its part to be paid or performed hereunder and such failure shall continue beyond applicable notice and cure periods (except in case of emergencies, in which such case, such shorter period of time as is reasonable under the circumstances), Landlord may, without waiving or releasing Tenant from any of Tenant's obligations, make such payment or perform such other act on behalf of Tenant. All sums so paid by Landlord and all necessary incidental costs incurred by Landlord in performing such other acts shall be payable by Tenant to Landlord within thirty (30) days after demand therefor as Additional Rent.

(f) Interest. If any monthly installment of Rent or Operating Expenses or Taxes, or any other amount payable by Tenant hereunder is not received by Landlord by the date when due, it shall bear interest at the Default Rate from the date due until paid. All interest, and any late charges imposed pursuant to Paragraph 12(g) below, shall be considered Additional Rent due from Tenant to Landlord under the terms of this Lease. The term "Default Rate" as used in this Lease shall mean the lesser of (A) the rate announced from time to time by Wells Fargo Bank or, if Wells Fargo Bank ceases to exist or ceases to publish such rate, then the rate announced from time to time by the largest (as measured by deposits) chartered bank operating in the State, as its "prime rate" or "reference rate", plus five percent (5%), or (B) the maximum rate of interest permitted by Law.

(g) Late Charges. Tenant acknowledges that, in addition to interest costs, the late payments by Tenant to Landlord of any monthly installment of Base Rent, Additional Rent or other sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impractical to fix. Such other costs include, without limitation, processing, administrative and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage, deed to secure debt, deed of trust or related loan documents encumbering the Premises, the Building or the Project. Accordingly, if any monthly installment of Base Rent, Additional Rent or any other amount payable by Tenant hereunder is not received by Landlord within five (5) days following notice same is past the due date thereof, Tenant shall pay to Landlord an additional sum of five percent (5%) of the overdue amount as a late charge, but in no event more than the maximum late charge allowed by law. The parties agree that such late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of any late payment as hereinabove referred to by Tenant, and the payment of late charges and interest are distinct and separate in that the payment of interest is to compensate Landlord for the use of Landlord's money by Tenant, while the payment of late charges is to compensate Landlord for Landlord's processing, administrative and other costs incurred by Landlord as a result of Tenant's delinquent payments. Acceptance of a late charge or interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease or at law or in equity now or hereafter in effect.

(h) Rights and Remedies Cumulative. All rights, options and remedies of Landlord contained in this Paragraph 12 and elsewhere in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity, whether or not stated in this Lease. Nothing in this Paragraph 12 shall be deemed to limit or otherwise affect Tenant's indemnification of Landlord pursuant to any provision of this Lease.

(i) Tenant's Waiver of Redemption. Tenant hereby waives and surrenders for itself and all those claiming under it, including creditors of all kinds, (i) any right and privilege which it or any of them may have under any present or future law to redeem any of the Premises or to have a continuance of this Lease after termination of this Lease or of Tenant's right of occupancy or possession pursuant to any court order or any provision hereof, and (ii) the benefits of any present or future law which exempts property from liability for debt or for distress for Rent.

(j) Costs Upon Default and Litigation. Tenant shall pay to Landlord and its mortgagees as Additional Rent all the expenses incurred by Landlord or its mortgagees in connection with any default by Tenant hereunder or the exercise of any remedy by reason of any default by Tenant hereunder, including reasonable attorneys' fees and expenses. If Landlord or its mortgagees shall be made a party to any litigation commenced against Tenant or any litigation pertaining to this Lease or the Premises, at the option of Landlord and/or its mortgagees, Tenant, at its expense, shall provide Landlord and/or its mortgagees with counsel reasonably approved by Landlord and/or its mortgagees and shall pay all costs incurred or paid by Landlord and/or its mortgagees in connection with such litigation.

13. ACCESS; CONSTRUCTION

Subject to the terms of this Lease, Landlord reserves from the leasehold estate hereunder, in addition to all other rights reserved by Landlord under this Lease, the right to use the roof and exterior walls of the Premises and the area beneath, adjacent to and above the Premises. Subject to the terms of this Lease, Landlord also reserves the right to install, use, maintain, repair, replace and relocate equipment, machinery, meters, pipes, ducts, plumbing, conduits and wiring through the Premises, which serve other portions of the Building or the Project in a manner and in locations which do not unreasonably interfere with Tenant's use of or access to the Premises. In addition, subject to the terms of this Lease, Landlord shall have free access to any and all mechanical installations of Landlord or Tenant, including, without limitation, machine rooms, telephone rooms and electrical closets. Tenant agrees that there shall be no construction of partitions or other obstructions which materially interfere with or which threaten to materially interfere with Landlord's free access thereto, or materially interfere with the moving of Landlord's equipment to or from the enclosures containing said installations. Landlord shall at all reasonable times, and upon twenty-four (24) hours written notice to Tenant (or oral notice to Tenant's office manager), except in the case of an emergency in which case no notice shall be required, and during the last four (4) months of the Lease Term only one (1) hour prior notice is required to enter the Premises to (1) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers or, during the last twelve (12) months of the Lease Term, to prospective tenants; (iii) post notices of non-responsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building systems. Notwithstanding anything to the contrary contained in this Paragraph 13, Landlord may enter the Premises at any time to (A) perform standard services required of Landlord, including janitorial service; (B) take possession due to a default by Tenant in the manner provided herein; and (C) subject to the terms of Paragraph 12(e), above, perform any covenants of Tenant which Tenant fails to perform. Landlord may take such reasonable steps as required to accomplish the stated purposes; provided, however, except for emergencies, any such entry shall be performed in an expeditious manner so as not to unreasonably interfere with Tenant's use of the Premises. Landlord use commercially reasonable efforts to schedule entries into the Premises under this Paragraph 13 with Tenant (except entries under items (A) and (B), above) so that Tenant, at Tenant's option, may provide a representative to accompany Landlord. Landlord agrees to take no photographs of any active work areas in the Premises without Tenant's prior consent and agrees that any information obtained by any entry into the Premises by Landlord or its employees, agents or contractors shall be kept strictly confidential. Even in an emergency situation, Landlord shall use commercially reasonable efforts to minimize any disruption to Tenant's business operations. For such purposes, subject to the terms of this Paragraph 13, Landlord may also erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed. For each of such purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises (excluding Tenant's vaults and safes and Secured Areas (as defined below), access to which shall be provided by Tenant upon Landlord's reasonable request). Landlord shall have the right to use any and all reasonable means which Landlord may deem reasonably proper in an emergency in order to obtain entry to the Premises or any portion thereof, and Landlord shall have the right, at any time during the Lease Term, to provide

whatever access control measures it deems reasonably necessary to the Project, without any interruption or abatement in the payment of Rent by Tenant except as otherwise expressly provided herein. Any entry into the Premises obtained by Landlord by any of such means shall not under any circumstances be construed to be a forcible or unlawful entry into, or a detainer of, the Premises, or any eviction of Tenant from the Premises or any portion thereof. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, Alterations or decorations to the Premises or the Project except as otherwise expressly agreed to be performed by Landlord pursuant to the provisions of this Lease. Tenant shall be granted access to the Premises twenty-four (24) hours per day, every day of the year, provided that such access shall: (i) be in accordance with all reasonable security measures as may be imposed by Landlord from time to time and as are generally applicable to tenants of the Project and their invitees; and, (ii) be subject to restrictions on access recommended or imposed as a result of an emergency. Notwithstanding anything to the contrary set forth in this Paragraph 13, subject to Landlord's reasonable approval as to the size of the areas, Tenant may designate certain limited areas of the Premises as "Secured Areas" should Tenant require such areas for the purpose of securing certain valuable property or confidential information. In connection with the foregoing, Landlord shall not enter such Secured Areas except in the event of an emergency or in connection with alterations to the premises of another tenant of the Building subject to Landlord's compliance with the terms of this Paragraph 13. Landlord shall not clean any area designated by Tenant as a Secured Area and shall only maintain or repair such secured areas to the extent (i) such repair or maintenance is required in order to maintain and repair the Building structure and/or the Building systems; (ii) as required by applicable Laws, or (iii) in response to specific requests by Tenant and in accordance with a schedule reasonably designated by Tenant, subject to Landlord's reasonable approval.

14. Intentionally Deleted.

15. Intentionally Deleted.

16. SUBORDINATION; ATTORNMENT; ESTOPPEL CERTIFICATES

(a) Concurrently with Landlord's and Tenant's execution and delivery of this Lease, Landlord shall deliver to Tenant a fully executed non-disturbance agreement in the form of Exhibit F attached hereto and made a part hereof from all existing ground lessors, if any, and mortgagees. Landlord and Tenant agree that the form of non-disturbance agreement attached hereto as Exhibit F is a commercially reasonable form, and that the provision of the same to Tenant will satisfy the obligation set forth in the prior sentence. Subject to Tenant's receipt of such non-disturbance agreement, as well as the non-disturbance agreements below, Tenant agrees that this Lease and the rights of Tenant hereunder shall be subject and subordinate to any and all deeds to secure debt, deeds of trust, security interests, mortgages, master leases, ground leases or other security documents and any and all modifications, renewals, extensions, consolidations and replacements thereof (collectively, "Security Documents") which now or hereafter constitute a lien upon or affect the Project, the Building or the Premises. Such subordination shall be effective without the necessity of the execution by Tenant of any additional document for the purpose of evidencing or effecting such subordination. In addition, subject to the terms of this Paragraph 16, Landlord shall have the right to subordinate or cause to be subordinated any such Security Documents to this Lease and in such case, in the event of the termination or transfer of Landlord's estate or interest in the Project by reason of any termination or foreclosure of any such Security Documents, Tenant shall, notwithstanding such subordination, attorn to and become the Tenant of the successor-in-interest to Landlord at the option of such successor-in-interest. Furthermore, subject to the terms of this Paragraph 16, Tenant shall within fifteen (15) days of demand therefor execute any commercially reasonable instruments or other documents which may be reasonably required by Landlord or the holder of any Security Document and specifically shall execute, acknowledge and deliver within fifteen (15) days of demand therefor a commercially reasonable subordination of lease or subordination of deed of trust or mortgage; the failure to do so by Tenant within such time period shall be a default hereunder; provided, however, the new landlord or the holder of any Security Document shall agree that Tenant's quiet enjoyment of the Premises shall not be disturbed as long as Tenant is not in default under this Lease beyond applicable notice and cure periods. Notwithstanding anything to the contrary contained in this Paragraph 16, in consideration of, and as a condition precedent to, Tenant's agreement to permit its interest pursuant to this Lease to be subordinated to any particular future ground or underlying lease of the Building or the Project or to the lien of any mortgage or trust deed, first encumbering the Building or the Project following the date of this Lease and to any renewals, extensions, modifications, consolidations and replacements thereof, Landlord shall deliver to Tenant a commercially reasonable non-disturbance agreement executed by the landlord under such ground lease or underlying lease or the holder of such mortgage or trust deed.

(b) If any proceeding is brought for default under any ground or master lease to which this Lease is subject or in the event of foreclosure or the exercise of the power of sale under any mortgage, deed of trust or other Security Document made by Landlord covering the Premises, at the election of such ground lessor, master lessor or purchaser at foreclosure, Tenant shall attorn to and recognize the same as Landlord under this Lease, provided such successor expressly agrees in writing to be bound to all future obligations by the terms of this Lease, and if so requested, Tenant shall enter into a new lease with that successor on the same terms and conditions as are contained in this Lease (for the unexpired term of this Lease then remaining). Subject to the terms of this Paragraph 16, Tenant hereby waives its rights under any current or future law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any such foreclosure proceeding or sale.

(c) [Intentionally Deleted].

(d) Tenant shall, upon not less than ten (10) business days' prior notice by Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying to those facts for which certification has been requested by Landlord or any current or prospective purchaser or investor, holder of any Security Document, ground lessor or master lessor, including, but without limitation, that (i) this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the Base Rent, Additional Rent and other charges hereunder have been paid, if any, and (iii) whether or not to the actual knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which Tenant may have knowledge. The form of the statement attached hereto as ***Exhibit D-1*** is hereby approved by Tenant for use pursuant to this subparagraph (d); however, at Landlord's option, Landlord shall have the right to use other commercially reasonable forms for such purpose. Tenant's failure to execute and deliver such statement within such time shall, at the option of Landlord, constitute a default under this Lease and, in any event, shall be conclusive upon Tenant that this Lease is in full force and effect without modification except as may be represented by Landlord in any such certificate prepared by Landlord and delivered to Tenant for execution. Any statement delivered pursuant to this Paragraph 16 may be relied upon by any prospective purchaser of the fee of the Building or the Project or any mortgagee, ground lessor or other like encumbrances thereof or any assignee of any such encumbrance upon the Building or the Project.

(e) Landlord shall, upon not less than ten (10) business days' prior notice by Tenant, execute, acknowledge and deliver to Tenant a statement in writing certifying to those facts for which certification has been requested by Tenant or any current or prospective purchaser or investor, holder of any Security Document, ground lessor or master lessor, including, but without limitation, that (1) this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the Base Rent, Additional Rent and other charges hereunder have been paid, if any, and (iii) whether or not to the actual knowledge of Landlord, Tenant is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which Landlord may have knowledge. The form of the statement attached hereto as ***Exhibit D*** is hereby approved by Landlord for use pursuant to this subparagraph (d); however, at Tenant's option, Tenant shall have the right to use other commercially reasonable forms for such purpose. If Landlord fails to execute such certificate within such ten (10) business day period, then Tenant shall send a second written notice (the "Estoppel Second Notice") to Landlord specifying in bold, ail-capital typeface at the top of such notice as follows: "LANDLORD'S FAILURE TO RESPOND TO THE REQUEST FOR AN ESTOPPEL CERTIFICATE WITHIN FIVE (5) BUSINESS DAYS AFTER THIS SECOND NOTICE SHALL BE A LANDLORD DEFAULT UNDER THE TERMS OF THIS LEASE." If Landlord fails to execute and deliver such statement within such time shall constitute a default under this Lease.

17. SALE BY LANDLORD; TENANT'S REMEDIES; NONRECOURSE LIABILITY

(a) In the event of a sale or conveyance by Landlord of the Building or the Project, Landlord shall be released from any and all liability under this Lease thereafter arising to the extent such obligations have been assured by the transferee. If the Security Deposit has been deposited by Tenant to Landlord prior to such sale or conveyance, Landlord shall transfer the Security Deposit to the purchaser, and upon delivery to Tenant of notice thereof, Landlord shall be discharged from any further liability in reference thereto.

(b) Landlord shall not be in default of any obligation of Landlord hereunder unless Landlord fails to perform any of its obligations under this Lease within thirty (30) days after receipt of written notice of such failure from Tenant (unless another time period is set forth in this Lease); provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, Landlord shall not be in default if Landlord commences to cure such default within the thirty (30) day period and thereafter diligently prosecutes the same to completion. All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Project and not thereafter. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder.

Notwithstanding anything in this Lease to the contrary, provided that Tenant is not in default beyond applicable notice and cure periods, in the event either (a) there occurs a default by Landlord hereunder (following the applicable notice and cure period provided in the preceding Paragraph above) which materially impairs or interferes with Tenant's use of the Premises or (b) Landlord defaults under its obligations hereunder and such default creates an emergency condition (i.e., meaning a condition that creates an imminent and substantial risk of personal injury or substantial property damage) and Landlord fails to commence to cure such emergency condition within five (5) business days after written notice (the "Emergency Notice") from Tenant identifying such emergency condition, then, provided Tenant has given Landlord written notice in addition to any notice required in the preceding Paragraph with respect to non-emergency conditions or the Emergency Notice with respect to emergency conditions ("Landlord's Second Notice") specifying in reasonable detail such default and containing in bold upper case letters (in 16 point font or larger) the phrase "FINAL REQUEST • TENANT ENTITLED TO SELF HELP REMEDY UNDER LEASE"), and Landlord either (i) fails to commence to cure such default within fifteen (15) business days for non-emergency conditions or two (2) business days for emergency conditions (plus any number of days that Landlord's ability to commence such cure is delayed or interrupted by Tenant or by Force Majeure) after receipt of Landlord's Second Notice, or (ii) commences to cure such default within fifteen (15) business days for non-emergency conditions or two (2) business days for emergency conditions (plus any number of days that Landlord's ability to commence such cure is delayed or interrupted by Tenant or by Force Majeure) after receipt of Landlord's Second Notice but thereafter fails to diligently (subject to delays or interruptions caused by Tenant or occasioned by Force Majeure) prosecute such cure to completion, then and in such event, or (iii) fails to dispute in good faith (with reasons stating the basis of its dispute) Tenant's rights to self-help within fifteen (15) business days for non-emergency conditions or two (2) business days for emergency conditions after receipt of the Landlord's Second Notice, Tenant may take commercially reasonable actions to cure such a default by Landlord, in which event Landlord shall reimburse Tenant for the reasonable out-of-pocket costs and expenses incurred and paid by Tenant in connection therewith ("Tenant's Self-Help Costs") within thirty (30) days after Tenant's delivery to Landlord of an invoice therefor, together with reasonable supporting documentation for such reasonable costs and expenses. The Landlord's Second Notice described above shall not be delivered until after the expiration of the cure period set forth in the preceding Paragraph above. The above self-help right shall not apply to any circumstance to which Paragraph 9 of this Lease is applicable, and shall only be applicable so long as the tenant hereunder is the Tenant who originally executed this Lease, or a Transfer Assignee. Tenant shall not be entitled to enter into the premises of any other tenants of the Project in connection with the exercise of Tenant's herein provided self-help right, and Tenant shall be responsible for the costs of repairing any damage to the Project, and for the costs of any adverse impact on any warranty covering the Project, that Tenant causes by exercising Tenant's remedies under this Paragraph 17(b). Any costs that Tenant owes pursuant to the immediately preceding sentence shall be reimbursed to Landlord by Tenant within thirty (30) days after Tenant receives written notification of such costs.

In the event that the obligations of Landlord under this Lease are not performed during the pendency of a bankruptcy or insolvency proceeding involving Landlord as the debtor, or following the rejection of this Lease in accordance with Section 365 of the Bankruptcy Code, then notwithstanding any provision of this Lease to the contrary, Tenant shall have the right to set off against the Rent next due and owing under this Lease (a) any and all damages caused by such non-performance of Landlord's obligations under this Lease by Landlord, debtor-in-possession, or the bankruptcy trustee, and (b) any and all damages caused by the non-performance of Landlord's obligations under this Lease following any rejection of this Lease in accordance with Section 365 of the Bankruptcy Code.

(c) Notwithstanding anything contained in this Lease to the contrary, the obligations of Landlord under this Lease (including any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual partners, directors, officers, trustees, members or shareholders of Landlord or Landlord's members or

partners, and Tenant shall not seek recourse against the individual partners, directors, officers, trustees, members or shareholders of Landlord or against Landlord's members or partners or against any other persons or entities having any interest in Landlord, or against any of their personal assets for satisfaction of any liability with respect to this Lease. Any liability of Landlord for a default by Landlord under this Lease, or a breach by Landlord of any of its obligations under the Lease, shall be limited solely to its interest in the Project (including rent, sales, condemnation and insurance proceeds), and in no event shall any personal liability be asserted against Landlord in connection with this Lease nor shall any recourse be had to any other property or assets of Landlord, its partners, directors, officers, trustees, members, shareholders or any other persons or entities having any interest in Landlord. Tenant's sole and exclusive remedy for a default or breach of this Lease by Landlord shall be either (i) an action for damages, or (ii) an action for injunctive relief; Tenant hereby waiving and agreeing that Tenant shall have no offset rights or right to terminate this Lease on account of any breach or default by Landlord under this Lease. Under no circumstances whatsoever shall Landlord ever be liable for punitive, consequential or special damages under this Lease and Tenant waives any rights it may have to such damages under this Lease in the event of a breach or default by Landlord under this Lease.

(d) As a condition to the effectiveness of any notice of default given by Tenant to Landlord, Tenant shall also concurrently give such notice under the provisions of Paragraph 17(b) to each beneficiary under a Security Document encumbering the Project of whom Tenant has received written notice (such notice to specify the address of the beneficiary). In the event Landlord shall fail to cure any breach or default within the time period specified in subparagraph (b), then prior to the pursuit of any remedy therefor by Tenant (except for the remedies set forth in Paragraph 7(f) and the second and third paragraphs of Paragraph 17(b)), each such beneficiary shall have an additional thirty (30) days within which to cure such default, or if such default cannot reasonably be cured within such period, then each such beneficiary shall have such additional time as shall be necessary to cure such default, provided that within such thirty (30) day period, such beneficiary has commenced and is diligently pursuing the remedies available to it which are necessary to cure such default (including, without limitation, as appropriate, commencement of foreclosure proceedings).

18. PARKING; COMMON AREAS

(a) Tenant shall have the right, but not the obligation except as set forth in *Item 13* of the Basic Lease Provisions, to rent the number of parking passes located in the parking areas of the Project specified in *Item 13* of the Basic Lease Provisions for the parking of operational motor vehicles used by Tenant, its officers, employees, sublessees and assignees only. Except as otherwise provided herein, Landlord reserves the right, at any time upon written notice to Tenant, to designate the location of Tenant's parking passes as determined by Landlord in its reasonable and non-discriminatory discretion. The use of such passes shall be subject to the reasonable and non-discriminatory rules and regulations adopted by Landlord from time to time for the use of the parking areas. Landlord further reserves the right to make such reasonable non-discriminatory changes to the parking system as Landlord may deem necessary or reasonable from time to time; i.e., Landlord may provide for one or a combination of parking systems, including, without limitation, self-parking, single or double stall parking spaces, and valet assisted parking. Except as otherwise expressly agreed to in this Lease, Tenant agrees that Tenant, its officers and employees shall not be entitled to park in any reserved or specially assigned areas reasonably designated by Landlord from time to time in the Project's parking areas. Landlord may require execution of a commercially reasonable agreement with respect to the use of such parking areas by Tenant and/or its officers, employees, sublessees and assignees in form reasonably satisfactory to Landlord as a condition of any such use by Tenant, its officers and employees and other users permitted under this Lease. A default by Tenant, its officers or employees in the payment of such charges, the compliance with such rules and regulations, or the performance of such agreement(s) shall constitute a default by Tenant hereunder, subject to applicable notice and cure periods. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's officers, employees, suppliers, shippers, customers or invitees to be loaded, unloaded or parked in areas other than those reasonably designated by Landlord for such activities. If Tenant repeatedly permits or allows any of the prohibited activities described in this Paragraph, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable within thirty (30) days following demand by Landlord.

(b) Subject to subparagraph (c) below and the remaining provisions of this Lease, Tenant shall have the nonexclusive right, in common with others, to the use of such entrances, lobbies, fire vestibules, restrooms (excluding restrooms on any full floors leased by a tenant), mechanical areas, ground floor corridors, elevators and elevator

foyers, electrical and janitorial closets, telephone and equipment rooms, loading and unloading areas, the Project's plaza areas, if any, ramps, drives, stairs, and similar access ways and service ways and other common areas and facilities in and adjacent to the Building and the Project as are reasonably designated from time to time by Landlord for the general nonexclusive use of Landlord, Tenant and the other tenants of the Project and their respective employees, agents, representatives, licensees and invitees ("Common Areas"). The use of such Common Areas shall be subject to the reasonable and non-discriminatory rules and regulations contained herein and the provisions of any covenants, conditions and restrictions affecting the Building or the Project, subject to the terms of this Lease. Tenant shall keep all of the Common Areas free and clear of any obstructions created by Tenant or resulting from Tenant's operations, and shall use the Common Areas only for normal activities, parking and ingress and egress by Tenant and/or subtenant or assignee and its and/or their employees, agents, representatives, licensees and invitees to and from the Premises, the Building or the Project. Nothing herein shall affect the rights of Landlord at any time to remove any such unauthorized persons from said areas or to prevent the use of any of said areas by unauthorized persons. Landlord reserves the right in good faith to make such changes, alterations, additions, deletions, improvements, repairs or replacements in or to the Building, the Project (including the Premises) and the Common Areas as Landlord may reasonably deem necessary or desirable, including, without limitation, constructing new buildings and making changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading areas, landscaped areas and walkways; provided, however, that (1) there shall be no unreasonable permanent obstruction of access to or use of the Premises resulting therefrom, and (ii) Landlord shall use commercially reasonable efforts to minimize any interruption with Tenant's use of or access to the Premises, Building, Project or parking structure; provided, further, however, that any such additions shall not increase Tenant's monetary andlor materially increase Tenant's non-monetary obligations under this Lease unless such additions are required by applicable Laws, or intended to help improve the security and/or safety of the tenants of, or the visitors to, the Project. Except as otherwise provided in this Lease, the manner in which the Common Areas are maintained and operated shall be at the reasonable discretion of Landlord, provided that Landlord shall maintain and operate the same substantially consistent with the Comparable Buildings and the use thereof shall be subject to such reasonable, non-discriminatory rules, regulations and restrictions as Landlord may make from time to time, which rules and regulations shall not be unreasonably or discriminatorily modified or enforced in a manner which shall materially interfere with the conduct of Tenant's permitted use from the Premises or Tenant's use of or access to the Premises or the adjacent parking structure. So long as Landlord provides Tenant with prior written notice (provided that such notice shall not be required in the event of an Emergency), Landlord, in Landlord's reasonable discretion, reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, so long as such changes do not change the nature of the Project to something other than a first class office building project or materially affect Tenant's use of the Premises for the permitted use. Notwithstanding any provision of this Lease to the contrary, the Common Areas shall not in any event be deemed to be a portion of or included within the Premises leased to Tenant and the Premises shall not be deemed to be a portion of the Common Areas. This Lease is granted subject to the terms hereof, the rights and interests of third parties under existing liens, ground leases, easements and encumbrances affecting such property, all zoning regulations, rules, ordinances, building restrictions and other laws and regulations now in effect or hereafter adopted by any governmental authority having jurisdiction over the Project or any part thereof.

(c) Notwithstanding any provision of this Lease to the contrary, Landlord specifically reserves the right to redefine the term "Project" for purposes of allocating and calculating Operating Expenses and Taxes so as to include or exclude areas as Landlord shall from time to time reasonably determine in a manner consistent with Comparable Buildings and so long as consistently applied with respect to Operating Expenses and Taxes and so long as Tenant's obligations under this Lease are not increased as a result thereof (including any appropriate gross-up of the Base Year). In addition, Landlord shall have the right to contract or otherwise arrange for amenities, services or utilities (the cost of which is included within Operating Expenses and Taxes) to be on a common or shared basis to both the Project (i.e., the area with respect to which Operating Expenses and Taxes are determined) and adjacent areas not included within the Project, so long as the basis on which the cost of such amenities, services or utilities is allocated to the Project is determined on an arms-length basis or some other basis reasonably determined by Landlord in a manner consistent with Comparable Buildings and so long as consistently applied with respect to Operating Expenses and Taxes and so long as Tenant's obligations under this Lease are not increased as a result thereof (including any appropriate gross-up of the Base Year). In the case where the definition of the Project is revised for purposes of the allocation or determination of Operating Expenses and Taxes, Tenant's Proportionate Share shall be appropriately revised to equal the percentage share of all Rentable Area contained within the Project (as then defined) represented by the Premises. Landlord shall have the reasonable right to determine which portions of the Project and other areas, if any, shall be served by common management, operation, maintenance and repair so long as it is in a manner consistent with Comparable Buildings and so long as consistently applied with respect to Operating Expenses and Taxes and so long as Tenant's obligations under this Lease are not increased as a result thereof.

19. MISCELLANEOUS

(a) Attorneys' Fees. In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs (including, without limitation, court costs and expert witness fees) incurred in such action. Such amounts shall be included in any judgment rendered in any such action or proceeding.

(b) Waiver. No waiver by Landlord or Tenant of any provision of this Lease or of any breach by Landlord or Tenant hereunder shall be deemed to be a waiver of any other provision hereof, or of any subsequent breach by Landlord or Tenant. Landlord's or Tenant's consent to or approval of any act by the other requiring Landlord's or Tenant's consent or approval under this Lease shall not be deemed to render unnecessary the obtaining of their consent to or approval of any subsequent act of the other. No act or thing done by Landlord or Landlord's agents during the term of this Lease shall be deemed an acceptance of a surrender of the Premises, unless in writing signed by Landlord. The delivery of the keys to any employee or agent of Landlord shall not operate as a termination of the Lease or a surrender of the Premises. The acceptance of any Rent by Landlord following a breach of this Lease by Tenant shall not constitute a waiver by Landlord of such breach or any other breach unless such waiver is expressly stated in a writing signed by Landlord. Tenant's payment of any Rent hereunder shall not constitute a waiver by Tenant of any breach or default by Landlord under this Lease nor shall Landlord's payment of monies due Tenant hereunder constitute a waiver by Landlord of any breach or default by Tenant under this Lease.

(c) Notices. Any notice, demand, request, consent, approval, disapproval or certificate ("Notice") required or desired to be given under this Lease shall be in writing and given by certified mail, return receipt requested, by personal delivery or by a nationally recognized overnight delivery service (such as Federal Express or UPS) providing a receipt for delivery. Notices may not be given by facsimile. The date of giving any Notice shall be deemed to be the date upon which delivery is actually made by one of the methods described in this Section 19(c) (or attempted if said delivery is refused or rejected). If a Notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day. All notices, demands, requests, consents, approvals, disapprovals, or certificates shall be addressed at the address specified in *Item 14* of the Basic Lease Provisions or to such other addresses as may be specified by written notice from Landlord to Tenant and if to Tenant, at the Premises. Either party may change its address by giving reasonable advance written Notice of its new address in accordance with the methods described in this Paragraph; provided, however, no notice of either party's change of address shall be effective until fifteen (15) days after the addressee's actual receipt thereof. For the purpose of this Lease, Landlord's counsel may provide Notices to Tenant on behalf of Landlord and such notices shall be binding on Tenant as if such notices have been provided directly by Landlord.

(d) Access Control. Subject to Paragraph 7(a)(vii) above, Landlord shall be the sole determinant of the type and amount of any access control or courtesy guard services to be provided to the Project, if any. IN ALL EVENTS, LANDLORD SHALL NOT BE LIABLE TO TENANT, AND TENANT HEREBY WAIVES ANY CLAIM AGAINST LANDLORD, FOR (I) ANY UNAUTHORIZED OR CRIMINAL ENTRY OF THIRD PARTIES INTO THE PREMISES, THE BUILDING OR THE PROJECT, (II) ANY DAMAGE TO PERSONS, OR (III) ANY LOSS OF PROPERTY IN AND ABOUT THE PREMISES, THE BUILDING OR THE PROJECT, BY OR FROM ANY UNAUTHORIZED OR CRIMINAL ACTS OF THIRD PARTIES, REGARDLESS OF ANY ACTION, INACTION, FAILURE, BREAKDOWN, MALFUNCTION AND/OR INSUFFICIENCY OF THE ACCESS CONTROL OR COURTESY GUARD SERVICES PROVIDED BY LANDLORD, IF ANY. Tenant shall provide such supplemental security services and shall install within the Premises such supplemental security equipment, systems and procedures as may reasonably be required for the protection of its employees and invitees, provided that Tenant shall coordinate such services and equipment with any security provided by Landlord. The determination of the extent to which such supplemental security equipment, systems and procedures are reasonably required shall be made in the sole judgment, and shall be the sole responsibility, of Tenant. Tenant acknowledges that it has neither received nor relied upon any representation or warranty made by or on behalf of Landlord with respect to the safety or security of the Premises or the Project or any part thereof or the extent or effectiveness of any security measures or procedures now or hereafter provided by Landlord, and further acknowledges that Tenant has made its own independent determinations with respect to all such matters.

(e) Storage. Any storage space at any time leased to Tenant hereunder shall be used exclusively for storage. Notwithstanding any other provision of this Lease to the contrary, (i) Landlord shall have no obligation to provide heating, cleaning, water or air conditioning therefor, and (ii) Landlord shall be obligated to provide to such storage space only such electricity as will, in Landlord's reasonable judgment, be adequate to light said space as storage space.

(f) Holding Over. If Tenant retains possession of the Premises after the termination or expiration of the Lease Term, then Tenant shall, at Landlord's election made within ten (10) business days of the commencement of such holdover become a month-to-month tenant (and Landlord's failure to make any such election shall mean that Tenant is a tenant at sufferance terminable at will by Landlord provided, however, the remainder of this Paragraph 19(f) shall apply), such possession shall be subject to termination by Landlord or Tenant with thirty (30) days written notice to the other, and all of the other terms and provisions of this Lease (excluding any expansion or renewal option or other similar right or option) shall be applicable during such holdover period, except that Tenant shall pay Landlord from time to time, upon demand, as Base Rent (i) for the initial two (2) months of such holdover period, an amount equal to one hundred twenty-five percent (125%) of the Base Rent in effect on the termination date, computed on a monthly basis for each month or part thereof during such holding over, and (ii) after such initial two (2) month period an amount equal to one hundred fifty percent (150%) of the Base Rent in effect on the termination date, computed on a monthly basis for each month or part thereof during such holding over. All other payments (including payment of Additional Rent) shall continue under the terms of this Lease. In addition, in the event Tenant holds over in the Premises for more than two (2) months past the termination or expiration of the Lease Term, then Tenant shall be liable for all damages incurred by Landlord as a result of such holding over. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Paragraph shall not be construed as consent for Tenant to retain possession of the Premises.

(g) Condition of Premises. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS LEASE (INCLUDING WITHOUT LIMITATION ALL EXHIBITS HERETO), LANDLORD HEREBY DISCLAIMS ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED PURPOSE OR USE, WHICH DISCLAIMER IS HEREBY ACKNOWLEDGED BY TENANT. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS LEASE (INCLUDING WITHOUT LIMITATION ALL EXHIBITS HERETO), THE TAKING OF POSSESSION BY TENANT SHALL BE CONCLUSIVE EVIDENCE THAT TENANT:

(i) ACCEPTS THE PREMISES, THE BUILDING AND LEASEHOLD IMPROVEMENTS AS SUITABLE FOR THE PURPOSES FOR WHICH THE PREMISES WERE LEASED;

(ii) ACCEPTS THE PREMISES AND PROJECT AS BEING IN GOOD AND SATISFACTORY CONDITION;

(iii) WAIVES ANY DEFECTS IN THE PREMISES AND ITS APPURTENANCES EXISTING NOW OR IN THE FUTURE, EXCEPT THAT TENANT'S TAKING OF POSSESSION SHALL NOT BE DEEMED TO WAIVE LANDLORD'S COMPLETION OF MINOR FINISH WORK ITEMS THAT DO NOT INTERFERE WITH TENANT'S OCCUPANCY OF THE PREMISES; AND

(iv) WAIVES ALL CLAIMS BASED ON ANY IMPLIED WARRANTY OF SUITABILITY OR HABITABILITY.

(h) Quiet Possession. Upon Tenant's paying the Rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder within applicable notice and cure periods, Tenant shall have quiet possession of the Premises for the term hereof without hindrance or ejection by any person lawfully claiming under Landlord, subject to the provisions of this Lease and to the provisions of any (i) covenants, conditions and restrictions, (ii) master lease, or (iii) Security Documents to which this Lease is subordinate or may be subordinated.

(i) Matters of Record. Except as otherwise provided herein, this Lease and Tenant's rights hereunder are subject and subordinate to all matters affecting Landlord's title to the Project recorded in the Real Property Records of the County in which the Project is located, prior to and subsequent to the date hereof including, without limitation,

all covenants, conditions and restrictions. Tenant agrees for itself and all persons in possession or holding under it that it will comply with and not violate any such covenants, conditions and restrictions or other matters of record. Landlord reserves the right, from time to time, to grant such easements, rights and dedications as Landlord deems necessary or desirable, and to cause the recordation of parcel maps and covenants, conditions and restrictions affecting the Premises, the Building or the Project, as long as such easements, rights, dedications, maps, and covenants, conditions and restrictions do not materially interfere with the use of the Premises by Tenant. At Landlord's request, Tenant shall join in the execution of any of the aforementioned documents if commercially reasonable.

(j) Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns. Tenant shall attorn to each purchaser, successor or assignee of Landlord upon the terms of this Lease.

(k) Brokers. Each party warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the brokers named in Item 12 of the Basic Lease Provisions and that it knows of no other real estate broker or agent who is or might be entitled to a commission in connection with this Lease. Landlord shall pay all fees due the brokers pursuant to separate written agreements between Landlord and the brokers. Each party hereby agrees to indemnify, defend and hold the other party harmless for, from and against all claims for any brokerage commissions, finders' fees or similar payments by any persons claiming through them other than those listed in *Item 12* of the Basic Lease Provisions and all costs, expenses and liabilities incurred in connection with such claims, including reasonable attorneys' fees and costs.

(l) Project or Building Name and Signage. Subject to the terms of this Lease, Landlord shall have the right at any time to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord. Additionally, Landlord shall have the exclusive right at all times during the Lease Term to change, modify, add to or otherwise alter the name, number, or designation of the Building and/or the Project, and Landlord shall not be liable for claims or damages of any kind which may be attributed thereto or result therefrom.

(m) Examination of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

(n) Time. Time is of the essence of this Lease and each and all of its provisions. Whenever in this Lease a payment is required to be made by one party to the other, but a specific date for payment is not set forth or a specific number of days within which payment is to be made is not set forth, or the words "immediately," "promptly," and/or "on demand," or their equivalent, are used to specify when such payment is due, then such payment shall be due fifteen (15) days after the date that the party which is entitled to such payment sends notice to the other party demanding such payment.

(o) Defined Terms and Marginal Headings. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular and for purposes of Articles 5, 7, 13 and 18, the term Landlord shall include Landlord, its employees, contractors and agents. The marginal headings and titles to the articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(p) Conflict of Laws; Prior Agreements; Separability. This Lease shall be governed by and construed pursuant to the laws of the State of California. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease. No prior agreement, understanding or representation pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The illegality, invalidity or unenforceability of any provision of this Lease shall in no way impair or invalidate any other provision of this Lease, and such remaining provisions shall remain in full force and effect.

(q) Authority. If Tenant is a corporation or limited liability company, Tenant hereby covenants and warrants that Tenant is a duly authorized and existing corporation or limited liability company, that Tenant has and is qualified to do business in the State, that the corporation or limited liability company has full right and authority to enter into this Lease, and that each person signing on behalf of the corporation is authorized to do so. Tenant shall provide Landlord within thirty (30) days following demand with such evidence of such authority as Landlord shall reasonably request, including, without limitation, resolutions and certificates. This Lease shall not be construed to create a partnership, joint venture or similar relationship or arrangement between Landlord and Tenant hereunder.

(r) Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this Lease as Tenant, the liability of each such individual, corporation, partnership or other business association to pay Rent and perform all other obligations hereunder shall be deemed to be joint and several, and all notices, payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Tenant shall be a partnership or other business association, the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.

(s) Rental Allocation. For purposes of Section 467 of the Internal Revenue Code of 1986, as amended from time to time, Landlord and Tenant hereby agree to allocate all Rent to the period in which payment is due, or if later, the period in which Rent is paid.

(t) Rules and Regulations. Tenant agrees to comply with all reasonable non-discriminatory rules and regulations of the Building and the Project imposed by Landlord as set forth on *Exhibit C* attached hereto, as the same may be changed in a reasonable and non-discriminatory manner from time to time upon reasonable notice to Tenant so long as such changes do not materially adversely affect Tenant's use of or access to the Premises, Building, Project or parking structure. Landlord shall not be liable to Tenant for the failure of any other tenant or any of its assignees, subtenants, or their respective agents, employees, representatives, invitees or licensees to conform to such rules and regulations; provided, however, that Landlord shall use commercially reasonable efforts (but not including the institution of legal proceedings) to enforce such non-performance against the other occupants and tenants of the Project, to the extent such non-performance has a material adverse effect on Tenant's use of or access to the Premises.

(u) Joint Product. This Agreement is the result of arms-length negotiations between Landlord and Tenant and their respective attorneys. Accordingly, neither party shall be deemed to be the author of this Lease and this Lease shall not be construed against either party.

(v) Financial Statements. At any time during the Lease Term, but not more often than two (2) times during any twelve (12) month period in connection with the sale or refinance of the Project, Landlord may require Tenant to provide Landlord with a current financial statement prepared in the ordinary course of business and financial statements prepared in the ordinary course of business of the two (2) years prior to the current financial statement year (collectively, "Financial Statements"); provided, however, as a condition precedent to Tenant's delivery, Landlord requesting such information shall execute a commercially reasonable form of confidentiality agreement with respect thereto. Such statements shall be as prepared in Tenant's ordinary course of business and certified as true and correct by Tenant's chief financial officer.

(w) Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorism, terrorist activities, inability to obtain services, labor, or materials or reasonable substitutes therefore, governmental actions, civil commotions, fire, flood, earthquake or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant and Landlord pursuant to this Lease and except as to Tenant's obligations under Article 6 and Article 8 of this Lease and Section 19(f) of this Lease (collectively, a "Force Majeure"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

(x) Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

(y) Waiver of Right to Jury Trial. **LANDLORD AND TENANT WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY OF ANY CONTRACT OR TORT CLAIM, COUNTERCLAIM, CROSS-COMPLAINT, OR CAUSE OF ACTION IN ANY ACTION, PROCEEDING, OR HEARING BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, OR TENANT'S USE OR OCCUPANCY OF THE LEASED PREMISES, INCLUDING WITHOUT LIMITATION ANY CLAIM OF INJURY OR DAMAGE OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY CURRENT OR FUTURE LAW, STATUTE, REGULATION, CODE, OR ORDINANCE.** Landlord and Tenant agree that this Paragraph constitutes a written consent to waiver of trial by jury within the meaning of California Code of Civil Procedure Section 631(a)(2), and Tenant does hereby authorize and empower Landlord to file this Paragraph and/or this Lease, as required, with the clerk or judge of any court of competent jurisdiction as a written consent to waiver of jury trial.

(z) Office and Communications Services. Landlord has advised Tenant that certain office and communications services may be offered to tenants of the Building by a concessionaire under contract to Landlord ("Provider"). Tenant shall be permitted to contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree. Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or suitability thereof; (ii) the Provider is not acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services, or any equipment or facilities used in the furnishing thereof, or any act or omission of Provider, or its agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation, adjustment or removal of any such services, equipment or facilities; and (iv) any contract or other agreement between Tenant and Provider shall be independent of this Lease, the obligations of Tenant hereunder, and the rights of Landlord hereunder, and, without limiting the foregoing, no default or failure of Provider with respect to any such services, equipment or facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder, or entitle Tenant to any abatement of rent or additional rent or any other payment required to be made by Tenant hereunder, or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord. Subject to any rules and regulations that may be uniformly imposed by Landlord, Tenant shall have reasonable access to its pro rata share of the Building shaftways reasonably necessary for Tenant's communications installations, wiring and equipment. Provided that Tenant complies with all applicable laws, covenants, conditions and restrictions affecting the Building and coordinates with Landlord's designated Provider, Tenant shall be permitted to contract with such additional providers of office and communications service providers reasonably acceptable to Landlord by contracting and coordinating with Landlord's designated Provider.

(aa) OFAC Compliance.

(i) Certification. Tenant certifies, represents, warrants and covenants that:

(A) It is not acting and will not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person", or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and

(B) It is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation.

(ii) Indemnity. Tenant hereby agrees to defend (with counsel reasonably acceptable to Landlord), indemnify and hold harmless Landlord and the Landlord Indemnitees from and against any and all Claims arising from or related to any such breach of the foregoing certifications, representations, warranties and covenants.

(bb) No Easement For Light. Air And View. This Lease conveys to Tenant no rights for any light, air or view. No diminution of light, air or view, or any impairment of the visibility of the Premises from inside or outside the Building, by any structure or other object that may hereafter be erected (whether or not by Landlord) shall entitle Tenant to any reduction of Rent under this Lease, constitute an actual or constructive eviction of Tenant, result in any liability of Landlord to Tenant, or in any other way affect this Lease or Tenant's obligations hereunder. Notwithstanding anything to the contrary, Landlord agrees that Landlord shall not install any bus wrap signage over any of Tenant's windows. Tenant shall be prohibited from installing any bus wrap signage at the Project.

(cc) Nondisclosure of Lease Terms. Tenant agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord, and that disclosure of the terms hereof could adversely affect the ability of Landlord to negotiate with other tenants. Tenant hereby agrees that Tenant and its partners, officers, directors, employees, agents, real estate brokers and sales persons and attorneys shall not disclose the terms of this Lease to any other person without Landlord's prior written consent, except to any accountants of Tenant in connection with the preparation of Tenant's financial statements or tax returns, to an assignee of this Lease or subtenant of the Premises, or to an entity or person to whom disclosure is require by applicable law or in connection with any action brought to enforce this Lease.

(dd) Intentionally Deleted.

(ee) ERISA. Tenant is not an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), which is subject to Title I of ERISA, or a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, which is subject to Section 4975 of the Internal Revenue Code of 1986; and (b) the assets of Tenant do not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA or Section 4975 of the Internal Revenue Code of 1986; and (c) Tenant is not a "governmental plan" within the meaning of Section 3(32) of ERISA, and assets of Tenant do not constitute plan assets of one or more such plans; or (d) transactions by or with Tenant are not in violation of state statutes applicable to Tenant regulating investments of and fiduciary obligations with respect to governmental plans.

(ff) Intentionally Deleted.

(gg) CASp Disclosure. Pursuant to California Civil Code Section 1938, Landlord hereby notifies Tenant that, as of the Effective Date of this Lease, to Landlord's knowledge the Premises has not undergone inspection by a Certified Access Specialist (CASp).

(hh) Rooftop Deck.

(i) Subject to the further terms of this Paragraph and all applicable laws, ordinances, restrictions, rules and regulations, as well as all applicable covenants, restrictions or deed restrictions affecting the Project (collectively, the "Applicable Rules and Restrictions"), Tenant shall have the exclusive use of the Fifth Floor rooftop deck (the "Rooftop Deck"), as further shown on Exhibit A-1 attached hereto and incorporated herein for all purposes, but all costs to design, engineer, permit, construct, structurally reinforce and provide proper exiting (including design and construction of additional and/or expanded stairs and/or any Staircase Work (as defined below)) for said Rooftop Deck (the "Rooftop Deck Work") shall be Tenant's responsibility. Tenant hereby has elected to construct the Rooftop Deck and Landlord agrees to provide an additional allowance equal to $416,440.00 (which is equal to $5.00 per square foot of Rentable Area of the Premises) (the "Rooftop Allowance") towards the cost of such Rooftop Deck Work, which such additional allowance shall be added to and considered to be part of the Tenant Improvement Allowance defined in *Item 18* of the Basic Lease Provisions of the Lease. Except as set forth below with respect to the Staircase Work, the plans for such Rooftop Deck Work shall be prepared by Tenant and approved by Landlord in accordance with the terms of Exhibit B attached hereto; provided, however, notwithstanding anything herein to the contrary, Landlord and its designated contractor shall construct, at Tenant's cost and expense but subject to the application of the Rooftop Allowance, all infrastructure and other structural aspects of such Rooftop Deck Work (including, without limitation, any water proofing, exiting, life safety related

work and other applicable code related work relating to such infrastructure or structural aspects) (the "Landlord Responsibility Rooftop Deck Work") and the costs incurred by Landlord in connection with such Rooftop Deck Work and Landlord's Responsibility Rooftop Deck Work (including a Landlord's management fee with respect to such Rooftop Deck Work equal to two percent (2%) of the cost of the Landlord Responsibility Rooftop Deck Work and one percent (1%) of the cost of the portion of the Rooftop Deck Work being performed by Tenant) shall be deducted from the Rooftop Allowance and, if such allowance is insufficient to satisfy such costs, payable by Tenant within thirty (30) days after demand. All other Rooftop Deck Work not included within the Landlord Responsibility Rooftop Deck Work shall be performed by Tenant at its cost (but subject to the application of the Rooftop Allowance). In connection with the Landlord Responsibility Rooftop Deck Work, Landlord agrees to enforce that the chosen contractor bid it to three (3) subcontractors per trade, with Tenant selecting one (1) of such subcontractors (which such subcontractor shall be subject to Landlord's reasonable approval) and Landlord selecting the other two (2) subcontractors per trade. Landlord shall utilize the lowest qualifying subcontract bid for each applicable trade. Tenant shall be permitted to utilize its own contractors (which are reasonably approved by Landlord and otherwise in compliance with the terms of Exhibit B hereof) for any cosmetic components of the Rooftop Work (which such cosmetic components shall be subject to Landlord's reasonable approval) inclusive of finished deck wood/pedestals, deck railing and exterior window wall modifications. Landlord's contractors and Tenant's contractors may be performing their respective construction work concurrently and both parties agree to use reasonable efforts in order to minimize interference with the other party's work. The disbursement of said additional allowance and the design, approval and construction of all such Rooftop Deck Work (including Landlord's approval thereof) shall be performed in accordance with the terms of Exhibit B attached hereto and incorporated herein for all purposes with respect to the completion of the Tenant Improvements. If Tenant fails to utilize such Rooftop Allowance within six (6) months after the Commencement Date (subject to extension on a day for day basis for Force Majeure Delays and Landlord Caused Delays) for the Rooftop Deck Work then Tenant shall forfeit all rights to said Rooftop Allowance. In no event shall Tenant be permitted to use such Rooftop Allowance for anything other than the Rooftop Deck Work, including all associated structural modifications and addition of the staircase required for egress. In the event any machinery, equipment or facilities of the Building are required to be modified or relocated as a result of Tenant's use of the Rooftop Deck, Tenant shall be responsible for all costs associated with any such modifications or relocations. In no event, however, shall Tenant be permitted to use the Rooftop Deck or complete the Rooftop Deck Work in a manner that would interfere with any other tenant or occupant of the Building (including, without limitation, any alteration or improvement that would be visible from or take any other tenant's space or that would impact the space of any other tenant) with the exception of the access staircases which may impact other floors and may require modifications to the façade and interior spaces for fire rated walls (the "Staircase Work"). Tenant will indemnify and hold Landlord harmless from any claims arising from any existing tenants or occupants due to the installation of the Staircase Work. The Staircase Work shall be designed by Landlord's architect and shall be considered part of the Landlord Responsibility Rooftop Deck Work; provided, however, notwithstanding anything herein to the contrary, Tenant shall pay for all costs associated with the Staircase Work as set forth in Exhibit O attached hereto (the "Baseline Staircase Work") and in the event Landlord makes any changes to the Baseline Staircase Work that results in an aggregate increase cost to complete the Staircase Work, then Landlord shall pay for the incremental increase in costs arising from the modifications to the Baseline Staircase Work (however, it is acknowledged by Tenant that if Landlord makes any change or changes to the Baseline Staircase Work that are cost neutral or create a reduction in the costs then Tenant shall be responsible for all such costs even though it is a change in the Baseline Staircase Work and the determination of whether there are any increase in costs in the Baseline Staircase Work shall be made on an aggregate basis over all changes made rather than on an individual basis). The Staircase Work shall include a certain type of railing/deck stairs. Notwithstanding anything herein to the contrary, in no event shall Tenant be required to remove any portion of the Rooftop Deck Work at the expiration or earlier termination of the Lease; provided, however, Tenant shall remove its personal property, furniture, fixtures and equipment from the Rooftop Deck at the expiration or earlier termination of the Lease. Tenant shall be permitted to place a barbeque, cabanas, firepit, artificial lawn, decorations, tables, chairs and furniture within such Rooftop Deck, provided, however, the aesthetics, size and location of such barbeque, cabanas, firepit, artificial lawn, decorations, tables, chairs and furniture shall be subject to Landlord's prior written approval, which such approval shall be in Landlord's sole discretion. At all times, Tenant shall use its commercially reasonable efforts and due diligence to keep the Rooftop Deck in a neat, clean and safe condition at Tenant's sole cost and expense. No smoking of any tobacco or other materials shall be permitted

in the Rooftop Deck. For so long as Tenant is allowed the use of the Rooftop Deck, all provisions of this Lease (including, without limitation, the insurance and indemnity obligations of Tenant under this Lease), other than the payment of rent attributable to the square footage located within the Rooftop Deck, shall apply to the Rooftop Deck in the same manner and to the same extent as if said Rooftop Deck were included within the definition of the Premises. Tenant, at its cost, shall comply with all relevant state, municipal or local codes, ordinances and regulations applicable to its operations in the Rooftop Deck, and shall obtain and maintain at its sole cost and expense all necessary permits or licenses for the same. In no event shall Tenant be charged any Base Rent with respect to the square footage of the Rooftop Deck and Tenant's Proportionate Share of the Building and Project do not include the square footage of the Rooftop Deck.

(ii) Landlord shall use commercially reasonable efforts to complete that portion of the Landlord Responsibility Rooftop Deck Work that impacts the interior portions of the Premises within one hundred eighty (180) days following the Date of this Lease (the "Rooftop Structure Work Outside Date") and thereafter Landlord shall use commercially reasonable efforts to deliver the Rooftop Deck with the Landlord Responsibility Rooftop Deck Work completed within two hundred fifty (250) days following the Date of this Lease (the "Landlord Responsibility Rooftop Deck Work Outside Date"); provided, however, the Rooftop Structure Work Outside Date and Landlord Responsibility Rooftop Deck Work Outside Date shall each be postponed one day for every day of Tenant Delay and Force Majeure Delays. Tenant Delays for purposes of completion of the Landlord Responsibility Rooftop Deck Work shall include, without limitation, any actual delays in completion of the Landlord's Responsibility Rooftop Deck Work arising from Tenant's failure to provide permittable plans as of the Effective Date of this Lease to the applicable governmental authorities for the Tenant's portion of the Rooftop Deck Work. Tenant has been advised that the permitting authority will require review of the plans for the Landlord Responsibility Rooftop Deck Work and Tenant's architectural plans for the Rooftop Deck Work contemporaneously and accordingly Landlord cannot proceed with the Landlord's Responsibility Rooftop Deck Work until Tenant has submitted such plans to the applicable authorities. Notwithstanding the foregoing to the contrary, in no event shall Landlord be in default of this Lease nor shall Tenant have the right to receive any damages or make any claims against Landlord or receive any rental abatement in the event Landlord fails to complete the applicable portions of the Rooftop Deck Work by the applicable outside dates set forth in this Paragraph.

(iii) Subject to (i) all applicable codes, ordinances, covenants, conditions and restrictions affecting the Project, and (ii) Landlord's prior written approval with respect to aesthetics, design and location, Tenant shall be permitted to install an urban garden, fire pits, cabanas, barbeque and heat lamps on the Rooftop Deck. Notwithstanding the foregoing, Tenant acknowledges that Landlord shall have the right to disapprove of the installation of any of the foregoing in the event such installation would, in the reasonable opinion of Landlord, adversely affect any roof warranty or otherwise result in an increase in insurance costs; provided, however, the foregoing shall not be a limitation of other reasonable grounds that Landlord may disapprove of the installation of the same.

(iv) Landlord has previously received (i) a certain letter dated June 2, 2015 from Brookfield Residential approving the Rooftop Deck on the Building and (ii) a certain email dated May 27, 2015 from John Ollen with Tishman Speyer approving the Rooftop Deck. Tenant has been furnished with copies of each of the foregoing. Other than as set forth in this Paragraph 19(hh)(iv) but subject to all matters disclosed in that certain title report for the Project dated March 27, 2014 from First American Title Company (a copy of which, including all exception documents listed therein, has been previously provided to Tenant), to Landlord's actual knowledge Landlord is not aware of any other third party architectural committee or declarant under applicable covenants, conditions or restrictions affecting the Project that are required to approve the Rooftop Deck. The term "to Landlord's knowledge" shall mean the actual knowledge of Khalid Rashid, without any duty of inquiry or investigation.

(ii) Intentionally Deleted.

(jj) Signage.

(i) Suite, Lobby and Way Finding Signage. Tenant shall be entitled throughout the Lease Term to (i) Tenant's pro-rata share of listings on the Building's electronic directory ("Directory Listing"), (ii) one

(1) interior building standard suite sign located outside of (but near the entrance to) the entrance to each separately demised portion of the Premises, the location of which suite sign shall be reasonably designated by Landlord ("Suite Entry Signage"), (iii) with the exception of the Ground Floor, to the extent Tenant leases the entirety of a floor in the Building, elevator lobby signage on such floor ("Elevator Lobby Signage"), and (iv) to certain signage in the Ground Floor lobby of the Building as more particularly described in Exhibit M attached hereto (the "Ground Floor Signage"), provided, however, Landlord's approval of the Ground Floor Signage is only as the signage itself and is not approval as to any background aesthetics behind such sign (it being acknowledged that any such background aesthetics are subject to Landlord's sole and absolute discretion). Tenant, if the Premises or a portion of the Premises comprise an entire floor of the Building (other than the first floor, in which case any such signage shall be subject to Landlord's prior written approval), at its sole cost and expense (provided that such cost may be reimbursed from the Tenant Improvement Allowance), may install signage anywhere in that portion of the Premises which comprises of an entire floor of the Building (other than the first floor as noted above), including in the elevator lobby of the such portion, provided that such signs are not visible from the exterior of the Building. If other tenants occupy space on the floor on which the Premises is located, Tenant's identifying signage shall be reasonably approved by Landlord. Landlord shall pay for the initial Directory Listing and Suite Entry Signage and Tenant shall be responsible for all costs associated with the replacement of any such signage. Subject to the Tenant Improvement Allowance, Tenant shall pay for all costs associated with any Elevator Lobby Signage and Ground Floor Signage and for the cost of all replacements or repairs thereto. All such signage shall be subject to Landlord's prior written approval, not to be unreasonably withheld or conditioned and shall be granted or denied within fifteen (15) business days. In connection with any way finding signage for the common areas, such way finding signage shall be consistently applied with respect to all of the tenants at the Project (i.e., the size of Tenant's way finding signage shall be the same size as the other tenants or occupants irrespective of the size of the space leased by such other tenant or occupants, however, Landlord agrees that with respect to any multi-tenant way finding signage relating to the Building (as opposed to the other office building in the Project), such signage shall include Tenant's name at the top above the other names listed in such signage). With respect to any such way finding signage, Landlord agrees that the background color for the way finding signs shall be in the color (blue) that was previously presented to Landlord for approval.

(ii) Monument Sign. Provided that (x) Tenant is The Honest Company, Inc. or a Tenant Affiliate or a Transfer Assignee, (y) Tenant or a Tenant Affiliate or a Transfer Assignee has not actually vacated and/or subleased in excess of 43,614 square feet of Rentable Area of the Premises initially demised under this Lease, and (z) no event of material default beyond applicable notice and cure periods has occurred and is continuing, Landlord, at Tenant's sole cost and expense, shall install Tenant's signage on the upper two (2) panels of the multi-tenant monument sign of the Building located in the northern part of the Project, as such sign is more particularly shown in Exhibit J attached hereto and incorporated herein for all purposes (collectively the "Tenant's Sign"). Notwithstanding the foregoing sentence, Tenant's Sign (and the installation thereof) shall be subject to and in compliance with all laws, applicable conditions, covenants and restrictions affecting the Building and any commercially reasonable and non-discriminatory signage criteria adopted by Landlord for the Project. Tenant shall be solely responsible for the cost and expense of obtaining and maintaining any necessary permits for Tenant's Sign and any sign licenses related thereto, and for the cost and expense of maintenance and utilities for Tenant's Sign (including all metered electrical usage). Additionally, Tenant shall maintain Tenant's Sign in a first class manner. The style, type, color, size, and design of Tenant's Sign and the means and method of attachment of Tenant's Sign shall be subject to Landlord's prior written approval, which approval shall be in Landlord's sole discretion. All rights and remedies of Landlord under the Lease (including, without limitation, Landlord's self-help remedies) shall apply in the event Tenant fails to maintain Tenant's Sign as herein required. Upon the expiration or earlier termination of the Lease, Tenant shall pay all costs associated with the removal of Tenant's Sign and restoration to the monument sign and/or exterior of the Building reasonably required by Landlord as a result of such removal. The terms and provisions of this Paragraph 19(jj) shall survive the expiration or earlier termination of this Lease.

(iii) Exterior Sign. Provided that Tenant is The Honest Company, Inc. or a Tenant Affiliate or a Transfer Assignee, subject to all applicable codes, ordinances, laws, covenants, conditions and restrictions affecting the Building and the Project, Tenant shall have the non-exclusive right to install one sign on the upper fascia of the Building ("Fascia Sign") provided that Landlord, acting reasonably, approves the Fascia

Sign (including all structural engineering and aesthetic aspects thereof) and the exact location where the same is to be installed. The Fascia Sign will be located on the north facade of the Building in an exact location to be agreed to by Landlord and Tenant. Landlord hereby approves the logo, location and name as shown in the Fascia Sign depiction attached hereto as Exhibit L; provided, however, the actual size of such Fascia Sign shown in Exhibit L will be subject to applicable Laws and covenants, conditions and restrictions. To the extent permitted by applicable codes, ordinances, laws, covenants, conditions and restrictions, the Fascia Sign may be back lit. Notwithstanding anything herein to the contrary, in no event shall Tenant ever be permitted more than one Fascia Sign. Any such Fascia Sign, subject to the Tenant Improvement Allowance, shall be at Tenant's sole cost and expense, and the style, type, color, size, and design of such Fascia Sign and the means and method of attachment of such Fascia Sign shall be subject to Landlord's prior written approval, which approval shall be in Landlord's sole discretion. Upon the expiration or earlier termination of the Lease, Tenant shall pay all costs associated with the removal such Fascia Sign and restoration to the exterior of the Building reasonably required by Landlord as a result of such removal. Any such Fascia Sign must comply with all Applicable Rules and Restrictions and any signage criteria adopted by Landlord for the Project.

(kk) Tenant's Security System. Landlord hereby covenants and agrees that Landlord shall not unreasonably withhold or condition its consent (which consent shall be granted or denied within fifteen (15) business days) to a proposal by Tenant to install, maintain and replace from time to time, at Tenant's sole cost and expense, subject to the Tenant Improvement Allowance, Tenant's own security system in the Premises ("Tenant's Security System"); provided, however, and notwithstanding the foregoing, Landlord shall have the right to access the Premises in the event of an emergency and otherwise in accordance with Paragraph 13 hereof and Tenant shall provide Landlord with the necessary access codes, keys or similar means necessary for Landlord to be able to access the Premises. Notwithstanding the foregoing, Tenant's Security System shall be subject to, and in compliance, with all applicable governmental laws, applicable conditions, covenants and restrictions affecting the Building. Tenant shall be solely responsible for the cost and expense of obtaining and maintaining any necessary permits for Tenant's Security System and any licenses related thereto, and for the cost and expense of maintenance and utilities for Tenant's Security System, if any. Tenant's Security System shall be installed in accordance with all applicable governmental laws, codes, ordinances, covenants, conditions and restrictions relating to the Building. The means and method of installation of Tenant's Security System in the Building shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld or conditioned (which approval shall be granted or denied within fifteen (15) business days). Tenant shall be responsible for the repair of any damage to any portion of the Premises and/or Building caused by Tenant's installation, use or removal of Tenant's Security System. All rights and remedies of Landlord under the Lease (including, without limitation, Landlord's self-help remedies) shall apply in the event Tenant fails to install and/or maintain Tenant's Security System as herein required. Upon the expiration or earlier termination of this Lease, Tenant shall pay all costs associated with the removal of Tenant's Security System and the restoration of the Premises (or any area in the Building outside of the Premises) where Tenant's Security System is located to as near its original condition as may then be reasonably required by Landlord. The terms and provisions of this Paragraph 19(kk) shall survive the expiration or earlier termination of this Lease.

(ll) Dog Visitation. Subject to compliance with the Dog Visitation Policy described on Exhibit I attached hereto, Tenant's employees may bring dogs into the Premises. Tenant shall protect, defend, indemnify and hold harmless Landlord from and against claims, damages, liabilities, costs and expenses of every kind and nature, including attorneys' fees, incurred by or asserted against Landlord arising in connection with the rights granted to Tenant's employees pursuant to this Paragraph 19(ll).

(mm) Calendar Days. All references made in this Lease to the word "days," whether for notices, schedules or other miscellaneous time limits, shall at all times herein be deemed to mean calendar days, unless specifically references as "business" or "working" days. Business or working days shall mean the days Monday-Friday, excluding Holidays.

(nn) Roof Rights. Subject to the terms of this Paragraph 19(nn), Tenant shall be permitted to use its pro rata portion of the area of the roof of the Building designated by Landlord for tenant-installed equipment in order to install, maintain and replace from time to time certain equipment (the "Rooftop Equipment") provided that (i) Landlord reasonably approves the plans, specifications, size, location, and method of attachment of the Rooftop Equipment, (ii) Tenant shall comply with all applicable laws, codes, ordinances, covenants, conditions and restrictions affecting the Project, (iii) Tenant shall comply with any roof bond anchor warranty marinated by Landlord on the

Building (including, without limitation, being required to use Landlord's designated roofing contractor), (iv) the Rooftop Equipment shall not be visible from street level, and (v) the Rooftop Equipment shall not interfere with any existing rooftop equipment or Building systems. Tenant shall be responsible for the repair of any damage to any portion of the Building caused by Tenant's installation, use or removal of the Rooftop Equipment. The Rooftop Equipment shall remain the exclusive property of Tenant, and Tenant shall have the right to remove same at any time during the term of the Lease. Upon the expiration or earlier termination of the Lease Term, Tenant shall be required to remove the Rooftop Equipment (and any associated cabling and wiring) and to restore any portion of the Building affected thereby to the condition existing prior to the installation of such Rooftop Equipment. Tenant shall protect, defend, indemnify and hold harmless Landlord from and against any and all claims, damages, liabilities, costs or expenses of every kind and nature (including without limitation reasonable attorney's fees) imposed upon or incurred by or asserted against Landlord arising out of Tenant's installation, maintenance, use or removal of the Rooftop Equipment, which indemnity shall survive the expiration or earlier termination of the Lease.

(oo) Gym. During the initial Lease Term, Landlord shall operate a gymnasium as a common area amenity (the "Gym") and permit Tenant's authorized employees to use the Gym and its facilities throughout the Lease Term at no additional charge (other than with respect to the inclusion of costs of the Gym as Operating Expenses) to Tenant, in accordance with and subject to the rules and regulations of the Gym that are imposed in a non-discriminatory manner upon the tenants utilizing the facility, as such rules and regulations are amended by Landlord from time to time. Landlord shall have no obligation to provide any services (e.g., personal trainer or towel service) with respect to the Gym, and, in the event Landlord provides any services to the Gym, Landlord shall not have any liability whatsoever in the event of any interruption or cessation of any of such services so provided. Landlord hereby agrees to continue operating the Gym for the initial Lease Term; provided, however, thereafter Landlord, at Landlord's sole discretion, shall have the right to cease providing availability to the Gym to tenants of the Project. Additionally, in no event shall Tenant have any right to permit any third party to use the Gym, without Landlord's prior written consent, and Tenant shall be responsible for any and all costs required to repair any damage to the Gym caused by Tenant's (or its employees) use thereof and not caused by reasonable wear and tear. All costs of operating, maintaining and repairing the Gym shall be an Operating Expense of the Project.

(pp) Non-Disclosure Covenants.

(i) Landlord agrees that all proprietary or confidential information provided or made available to Landlord (the "Proprietary Information") from Tenant or any Affiliates of Tenant during the Lease Term or otherwise in connection with this Lease, including without limitation, ideas, materials, artwork, designs, drawings, and any information relating to works in progress, trade secrets, scripts, plots, characters, software, notes, models, games, patent, trademark and copyright applications, business plans, finances or employees or any other matter relating to the artistic creations or business of Tenant, or any Affiliate of Tenant, whether tangible or intangible, shall not be used by Landlord or its employees (and Landlord or its employees shall not authorize others to use such Proprietary Information) other than for the limited purposes of entering into and performing its obligations under this Lease or for the operation, maintenance, repair, sale or financing of a Building and/or the Project ("Authorized Purposes"). For purposes of this Paragraph, Proprietary Information does not include information: (1) that was already in the possession of, or that was available on a non-confidential basis prior to the time of disclosure to, Landlord (but not by way of entry into the Premises; all items learned through entry into the Premises shall be deemed Proprietary Information); (2) obtained by Landlord from a third person (other than Landlord's agents, employees or contractors through entry into the Premises) which, insofar as is known to Landlord, is not subject to any legal, contractual, or fiduciary prohibition or obligation against disclosure; (3) which was or is independently developed by Landlord without violating its obligations hereunder; or (4) which was or becomes generally available to the public through no fault of Landlord.

(ii) In the event any Proprietary Information is disclosed by Tenant to Landlord, Landlord shall use commercially reasonable efforts to hold such Proprietary Information in confidence (except for those of Landlord's officers, directors, partners, employees, agents, representatives advisors, accountants, attorneys, consultants, prospective lenders, prospective purchasers, successors, and assigns who have a need to know in connection with the Authorized Purposes and who have agreed to comply with this Paragraph). All Proprietary Information disclosed hereunder shall remain the property of Tenant and Landlord shall not obtain any right or license of any kind to the Proprietary Information so disclosed.

(iii) Without Tenant's prior written consent but except as otherwise provided in this Paragraph, Landlord will not communicate with the press regarding this Lease and will neither issue nor authorize the dissemination of any publicity or news story relating to Tenant's or any of Tenant's Affiliate's Proprietary Information; provided Landlord may disclose in a press release that Tenant is a tenant of a Building and provide non-financial information concerning the terms of the Lease.

(iv) Landlord shall refer all outside inquiries in any way relating to Tenant's or any of Tenant's Affiliate's business to Tenant's publicity department. Landlord shall acquire no right under this Lease to use, and shall not use, any fanciful characters or designs of Tenant or any Affiliate: (1) in any advertising, publicity or promotion; nor (2) to express or imply any endorsement by Tenant or any Affiliate; nor (3) or in any other manner whatsoever (whether or not similar to the uses hereinabove specifically prohibited). The provisions of this Paragraph shall survive the expiration or early termination of this Lease.

(v) This Paragraph shall not affect the Landlord's rights to use or disclose Proprietary Information, which: (1) is required to be disclosed pursuant to governmental law or judicial process, or the rules of any national or international securities exchange, provided that notice of such process is promptly given to Tenant so it may have a reasonable opportunity to intercede in such process to contest such disclosure before such disclosure occurs; or (2) in connection with any action or proceeding involving this Paragraph or any subsequent agreement between Tenant and Landlord, or any disputes arising thereunder or in connection therewith.

(vi) Unless otherwise agreed by Landlord in writing or as expressly provided herein, Landlord shall not be required to institute any special procedures for the collection and disposal of recycling or trash or the performance of janitorial or other routine services. In the event that Tenant's requirements or requests regarding Proprietary Information cause Landlord to incur expenses in providing services that are materially in excess of the costs for providing similar services to ordinary office tenants at the Project and at Comparable Buildings, Landlord shall so advise Tenant in writing, and, unless Tenant withdraws such requirement or request, Landlord shall be entitled to charge Tenant for the reasonable amount of such excess cost as Additional Rent.

(qq) Janitorial Products. So long as there is no labor disharmony as a result thereof, Tenant, at its option, shall have the right to require its products be used in any bathrooms of the Building that are for the exclusive use of Tenant; provided, however, Tenant shall furnish the stock of supplies to Landlord's janitorial vendor at no additional cost and Tenant shall be responsible for any increased costs (including any costs charged by Landlord's janitorial vendor) as a result of the use of such Tenant's products.

(rr) Kitchen. So long as Tenant does not create a Design Problem and subject to the terms and conditions of this Paragraph 19(rr), Tenant shall be permitted to install a small kitchen area in the Premises (the "Kitchen Area"). Such Kitchen Area shall be delineated on plans and specifications first submitted to and approved by Landlord, such approval of Landlord to be granted or withheld in Landlord's reasonable discretion so long as the Kitchen Area does not create a Design Problem, and Tenant shall be solely responsible for the cost thereof. Throughout the Lease Term, Tenant shall install, use, operate and maintain the Kitchen Area at Tenant's sole cost and expense. All rights and remedies of Landlord under this Lease shall apply in the event Tenant fails to perform Tenant's obligations hereunder with respect to such Kitchen Area. Tenant shall be responsible for any requirements of applicable law, codes or ordinances triggered by the installation of the Kitchen Area or any improvements therein. In addition, to the extent Tenant is required to install a vent for such Kitchen Area requiring a roof penetration, then such roof penetration shall be subject to the following conditions: (i) Landlord shall have the right to supervise such roof penetrations and may require Tenant to use Landlord's designated roofing contractor in connection with such roof penetrations, (ii) Landlord shall be permitted to deny consent to such roof penetrations if it would have an adverse effect on any roof warranty or roof bond currently in place, (iii) Tenant shall indemnify Landlord for any and all claims arising from such roof penetrations and, to the extent any roof warranty or roof bond is affected as a result of such roof penetration, Tenant shall reimburse Landlord for all costs incurred as a result of such roof warranty or bond being affected, (iv) Tenant, at its sole cost and expense and subject to Landlord's approval, shall screen any such rooftop installation from view, and (v) Landlord may, at its option, require Tenant to remove and restore any such Kitchen Area and roof penetration at the expiration or earlier termination of the Lease Term. In the event the kitchen program and/or the appropriate authorities require a grease interceptor for the operation of the Kitchen Area, Landlord agrees that Tenant, at its sole

cost and expense, shall be permitted to install such grease interceptor but the location, size, appearance, design and specifications of any such grease interceptor shall be subject to Landlord's sole discretion and prior approval in writing. Tenant shall be responsible for all costs associated with the installation, operation and maintenance of such grease interceptor and Landlord may require removal of such grease interceptor at the expiration or earlier termination of the Lease and any restoration work required due to such removal. Tenant, at its sole cost and expense, shall maintain such grease interceptor in a first class manner and shall ensure that no obnoxious odors emanate into the Common Areas or any space of other tenants or occupants. Landlord may, at its option, elect to perform the maintenance of such grease interceptor in lieu of Tenant performing such maintenance and in such case Tenant shall reimburse Landlord within thirty (30) days after receipt of an invoice for all costs incurred by Landlord in connection with the maintenance of such grease interceptor.

(ss) Loading Dock. Throughout the Lease Term, as extended, but subject to the terms of this Paragraph 19(ss),Tenant shall have the right to the non-exclusive use the loading dock of the Building, including during Business Hours. Subject to Landlord's prior written approval, which shall not be unreasonably withheld, conditioned or delayed, Tenant shall be permitted to build a door (single or double) from the Storage Space to the corridor on the north side of the Storage Space. Tenant shall also have the right to store a lift in its Storage Space. Notwithstanding the foregoing to the contrary, Tenant acknowledges that such loading dock is used for Building operations (including, without limited, with respect to receiving deliveries for other tenant or occupants, for storing and locating dumpsters for trash collection and disposal, and with respect to the trash vendor's collection of such trash from the dumpsters) and that the Landlord's use of the loading dock shall be primary as it relates to Tenant's use of the loading dock. Tenant hereby agrees that in connection with its use of the loading dock it will not interfere with Landlord's use of the loading dock and that it shall not store any items in the loading dock area that could affect the access to such loading dock area by Landlord's vendors or the placement of dumpsters by Landlord. In no event shall Tenant be permitted to park any trucks or other vehicles in such loading dock area other than when items are being actively loaded and/or unloaded from such truck. Tenant's use of the loading dock may be subject to such other rules and regulations that may be imposed from Landlord from time to time and Tenant acknowledges that such use of the loading dock is in common with the use of the loading dock by other occupants or tenants of the Building and therefore may be subject to scheduling or availability.

(**SIGNATURE PAGE TO FOLLOW**)

SIGNATURE PAGE TO OFFICE LEASE
BY AND BETWEEN CV LATITUDE 34 LLC, AS LANDLORD,
AND THE HONEST COMPANY, INC AS TENANT

IN WITNESS WHEREOF, the parties have executed this Lease to be effective as of the Date of this Lease.

"LANDLORD":

CV LATITUDE 34 LLC,
a Delaware limited liability company

By: Clarionvalue, LLC, its Sole Member

By: Clarion Partners, LLC, its Manager

By: /s/ Khalid Rashad
Name: Khalid Rashad
Title: Authorized Signatory

"TENANT":

THE HONEST COMPANY, INC.,
a Delaware corporation

By: /s/ Brian Lee
Name: Brian Lee
Title: Chief Executive Officer

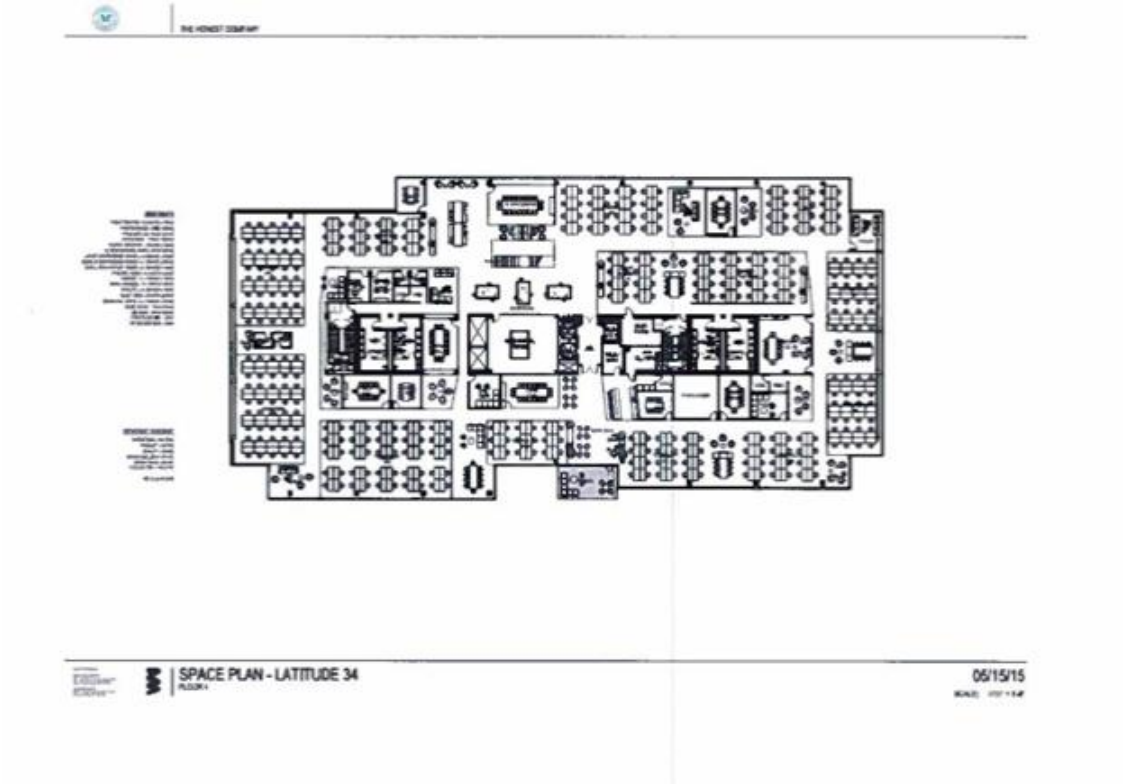
IN WITNESS WHEREOF, the parties have executed this Lease to be effective as of the Date of this Lease.

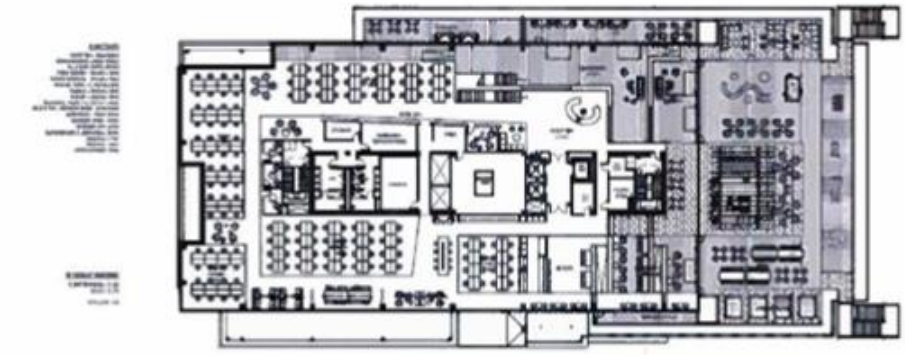
"TENANT":

THE HONEST COMPANY, INC.,
a Delaware corporation

By: /s/ David Parker
Name: David L. Parker
Title: CFO

EXHIBIT A-1
FLOOR PLAN OF THE PREMISES & ROOFTOP DECK





SPACE PLAN - LATITUDE 34

05/15/15

A1 - 2

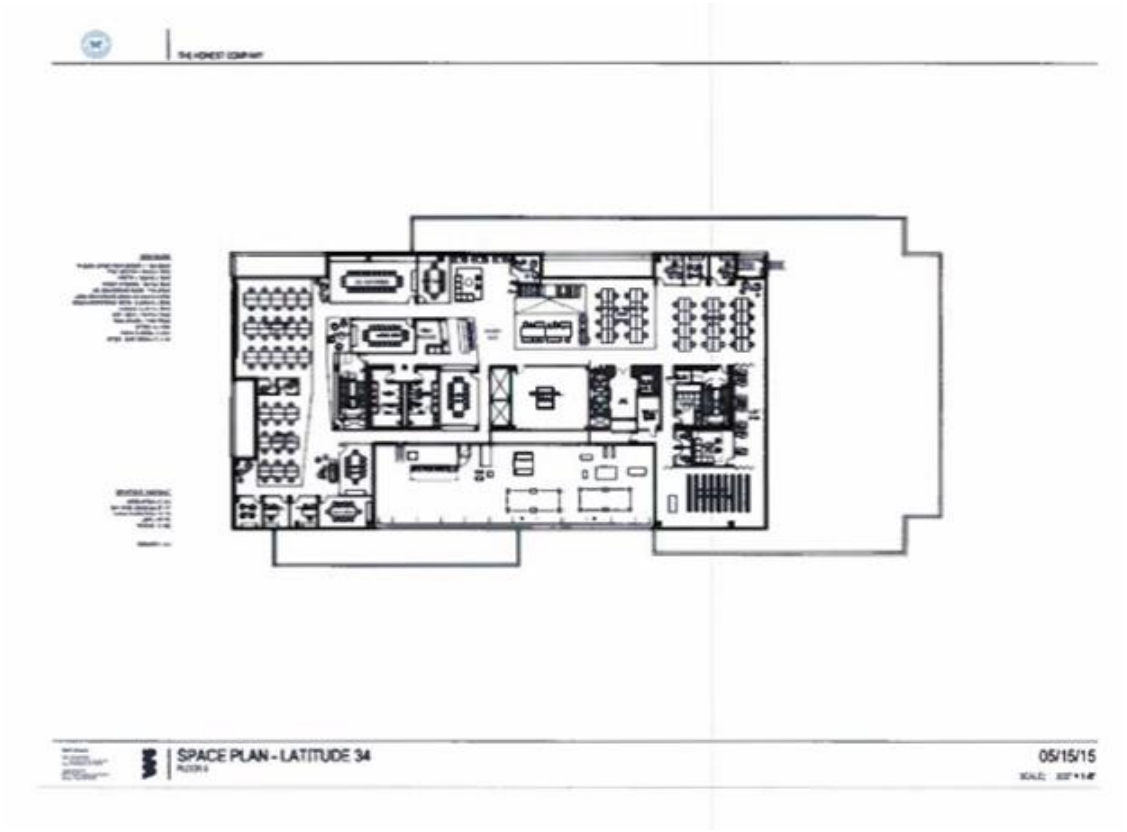

SPACE PLAN - LATITUDE 34
05/15/15

EXHIBIT A-2
LEGAL DESCRIPTION OF THE PROJECT

PARCEL 1

LOTS 2 AND 30 OF TRACT NO. 49104-04, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP FILED IN BOOK 1236 PAGES 41 TO 55 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COMP, RECORDER Of SAID COUNTY.

PARCEL 2:

PARCEL A, AS SHOWN ON CERTIFICATE OF COMPLIANCE AS EVIDENCED BY DOCUMENT RECORDED JUNE 05, 2013 AS INSTRUMENT NO. 2013-840625 OF OFFICIAL RECORDS. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PORTIONS OF LOTS 4, 5, 6 AND 7 OF TRACT NO. 57092, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP FILED IN BOOK 1236, PAGES 56 THROUGH 63, INCLUSIVE. OF MAPS, RECORDS OF SAID COUNTY EXCEPTING —THEREFROM THAT PORTION OF SAID LOT 4 LYING NORTHEASTERLY OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF LOT 7 OF SAID TRACT NO 52092 ALSO EXCEPTING THEREFROM THOSE PORTIONS OF SAID LOTS 5, 6 AND 7 LYING SOUTHEASTERLY OF THE FOLLOWING DESCRIBED LINE

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF SAID LOT 5, DISTANT THEREON SOUTH 27” 44’ 00’ EAST 31 45 FEET FROM THE MOST SOUTHERLY CORNER OF LOT 4 OF SAID TRACT NO. 52092:

THENCE NORTH 88” 51’ 23” EAST 11.18 FEET TO A LINE WHICH BEARS NORTH 62’ 17’ 52” EAST AND WHICH PASSES THROUGH A POINT ON SAID SOUTHWESTERLY LINE OF LOT 5

DISTANT THEREON SOUTH 27’ 44 00” EAST 36.45 FEET FROM SAID MOST SOUTHERLY CORNER OF LOT 4, THE NCF NORTH 62’ 17’ 52’ EAST 661 19 FEET TO THE NORTHEASTERLY

LINE OF LOT 7 OF SAID TRACT NO. 52092

PARCEL 3:

EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS WITH RESPECT TO PORTIONS OF LOTS 27 AND 29 OF TRAC5 NO. 49104-4 AS PROVIDED IN THAT CERTAIN EASEMENT AGREEMENT (ACCESS) PARCELS IV AND V) DATED JUNE 08, 2006 BY PLAYA PHASE I COMMERCIAL LAND COMPANY, LLC, IN FAVOR OF LINCOLN ASB PLAYA VISTA, LLC, WHICH WAS RECORDED ON JUNE 08, 2006 AS INSTRUMENT NO. 06.1258448 AND AMENDED RECORDED FEBRUARY 08, 2007 AS INSTRUMENT NO 2070276032, OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA

PARCEL 4

EASEMENTS FOR VEHICULAR AND PEDESTRIAN TRAFFIC OVER PRIVATE STREETS AND WALKWAYS, MAINTENANCE AND REPAIR OF UTILITY SERVICES, DRAINAGE Of WATER, ACCESS TO PERFORM NECESSARY MAINTENANCE AND REPAIR OF IMPROVEMENTS, MINOR ENCROACHMENTS, ENVIRONMENTAL MEDIATION, ACCESS TO METHANE MONITORING EQUIPMENT AND OTHER EASEMENTS AS PROVIDED IN THAT CERTAIN AMENDED AND RESTATED DECLARATION OF COVENANTS, , CONDITIONS, RESTRICTIONS AND RESERVATIONS OF EASEMENTS FOR THE CAMPUS AT PLAYA VISTA, WHICH WAS RECORDED ON JUNE 08. 2006 AS INSTRUMENT NO, 06-1258435 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

EXCEPTING THERE FROM THOSE PORTIONS OF MILLENIUM LYING SOUTHWESTERLY OF THE NORTH EASTERLY LINE OF CAMPUS CENTER DRIVE, ALSO SO EXCEPTING ANY PORTIONS LYING WITHIN CAMPUS CENTER DRIVE, BLUFF CREEK DRIVE AND WEST LAWN AVENUE.

PARCEL 5

EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS WITH RESPECT TO PORTIONS OF MILLENNIUM ROAD AS PROVIDED IN THAT CERTAIN EASEMENT AGREEMENT (ACCESS) (PARCEL IV AND V) BY PLAYA PHASE I COMMERCIAL LAND COMPANY, IN FAVOR OF LINCOLN ASB PLAYA VISTA LLC, WHICH WAS RECORDED ON JUNE 08, 2006 AS INSTRUMENT NO 06-1258449 OF OFFICIAL RECORDS OF LOS ANGELES CALIFORNIA.

PARCEL 6.

EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS AND FIRE LANE PURPOSES WITH RESPECT TO PORTIONS OF CERTAIN PROPERTY MORE PARTICULARLY DESCRIBED IN THAT CERTAIN EASEMENT AGREEMENT (COMMON DRIVEWAY) (PARCEL IV AND V) BY PLAYA PHASE 1 COMMERCIAL LAND COMPANY, LLC, AND LINCOLN ASB PLAYA VISTA LLC,. WHICH WAS RECORDED ON JUNE 08, 2006 AS INSTRUMENT NO 06-1258450 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA

PARCEL 7

EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS AND FIRE LANE PURPOSES WITH RESPECT TO PORTIONS OF CERTAIN PROPERTY MORE PARTICULARLY DESCRIBED IN TCHAT CERTAIN EASEMENT AGREEMENT (COMMON DRIVEWAY) (PARCELS I AND II) BY PLAYA PHASE I COMMERCIAL LAND COMPANY, LLC AND LINCOLN ASB PLAYA VISTA LLC. WHICH WAS RECORDED ON JUNE 08, 2006 AS INSTRUMENT NO 06-1258440, OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

PARCEL 8:

EASEMENTS WITH RESPECT TO PORTIONS OF CERTAIN PROPERTY AND FOR THOSE PURPOSES AS MORE PARTICULARLY DESCRIBED IN THAT CERTAIN “DECLARATION OF COVENANTS. CONDITIONS AND RESTRICTIONS FOR HORIZON AT PLAYA VISTA” BY LINCOLN ASB PLAYA VISTA PHASE I. LLC AND LINCOLN ASB PLAYA VISTA,

LLC WHICH WAS RECORDED ON SEPTEMBER 2, 2008 AS INSTRUMENT NO. 20081576067 AND AS AMENDED BY THAT CERTAIN "AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HORIZON AT PLAYA VISTA" RECORDED OCTOBER 31, 2008 AS INSTRUMENT NO 20081936205 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA AS FURTHER AMENDED BY THAT CERTAIN SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HORIZON AT PLAYA VISTA RECORDED FEBRUARY 2, 2011 AS INSTRUMENT NO. 20110171572

THIS DESCRIPTION WILL BE DELETED FROM THE POLICY PROVIDED A PROPER FORM OF TERMINATION IS RECORDED PRIOR TO OR AT THE TIME OF CLOSING,

PARCEL 9:

EASEMENTS FOR UNDERGROUND ELECTRIC POWER AND TELEPHONE LINES AS DISCLOSED BY EASEMENT COVENANT FOR PUBLIC UTILITY PURPOSES MORE PARTICULARLY DESCRIBED IN DOCUMENT RECORDED OCTOBER 9, 2008 AS INSTRUMENT NO. 20081812888 OF OFFICIAL RECORDS.

APN #

4211-010-041 (Affects LOT 2 of Parcel 1)

4211-010-053 (Affects Lot 30 of Parcel 1.)

4211-010-111 (Affects Parcel 2)

EXHIBIT B
WORK LETTER

THIS WORK LETTER is attached as Exhibit B to the Office Lease between **CV LATITUDE 34 LLC**, a Delaware limited liability company, as Landlord, and **THE HONEST COMPANY, INC.**, a Delaware corporation, as Tenant, and constitutes the further agreement between Landlord and Tenant as follows:

(a) Tenant Improvements; Tenant Improvement Allowance. The leasehold improvements to be constructed by Tenant (the "Tenant Improvements"), at Tenant's sole cost and expense (except for the Tenant Improvement Allowance, as specified in *Item 18* of the Basic Lease Provisions), shall be constructed in accordance with the Final Plans to be submitted by Tenant and reviewed and approved by Landlord in accordance with the provisions of Paragraph (b) of this Exhibit B.

Landlord shall have no obligation to construct or to pay for the design and construction of the Tenant Improvements, except as otherwise provided in this Lease, Exhibit B and/or Exhibit H. However, upon satisfaction of all conditions of this Lease, including the Letter of Credit, Landlord agrees to contribute toward the cost of construction of the Tenant Improvements the cash sum of up to the Tenant Improvement Allowance (as defined in *Item 18* of the Basic Lease Provisions). In addition, separate and apart from the Tenant Improvement Allowance, and whether or not this Lease is executed, Landlord shall reimburse Tenant's architect for a preliminary space plan up to a maximum amount of $7,500. Notwithstanding anything in this Lease or in this Work Letter to the contrary, Tenant Improvement Allowance shall be used only for the design and construction of the Tenant Improvements and such other costs expressly permitted under this Exhibit B, and if construction of the Tenant Improvements is not completed by December 31, 2016 (the "Construction Termination Date"), then Landlord's obligation to provide any unused portion of the Tenant Improvement Allowance as of such date, as specified in Item 18 of the Basic Lease Provisions, shall terminate and become null and void, and Tenant shall be deemed to have waived its rights in and to said unused portions of the Tenant Improvement Allowance. The Tenant Improvement Allowance will be reduced by any reasonable actual out-of-pocket consulting fees incurred by Landlord in connection with any required peer review for structural, life safety and MEP designs; provided, however, such peer review shall only be permitted if Tenant is not utilizing the Landlord's designated subcontractors and in such event Landlord shall advise Tenant as to the reasons why Landlord is engaging in such peer review. Except as otherwise set forth in this Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs and, except as otherwise specifically and expressly provided in this Work Letter or the Lease, Landlord shall not deduct any other expenses from the Tenant Improvement Allowance. The Tenant Improvement Allowance shall be used to reimburse, including, without limitation, the following costs:

(l) Payment of the fees of the "Space Planner", and fees of Tenant's consultants for project management and engineers and 'or consultants for design, construction and move into the Premises, including payment of the out-of-pocket fees incurred by Landlord and Landlord's consultants in connection with the review of the Final Plans;

(2) The payment of plan check, plan check expeditor, permit and license fees relating to construction of the Tenant Improvements;

(3) The cost of construction of the Tenant Improvements, and including, without limitation, demolition, testing and inspection costs, utility hook-up charges (if any), hoisting and trash removal costs, and contractors' fees and general conditions;

(4) The cost of any changes in the base building when such changes are required by the Final Plans (except in the event such changes are included in the scope of work in Exhibit H or required due to a violation of laws with respect to such base building (provided, however, in the event any such changes in the base building are due to Tenant installing any non-general office use improvement, then Tenant shall be responsible for such costs), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

(5) The cost of any changes to the Final Plans or Tenant Improvements required by all applicable building codes (the "Code"), but to the extent Landlord did not complete the work described in Exhibit H attached hereto, then Tenant shall provide written notice to Landlord of such failure and Landlord shall thereafter promptly cure any such deficiency to the extent Landlord agrees that it failed to complete such Exhibit H work;

(6) The cost of connection of the Premises to the Building's energy management systems, and for chilled water hook-up fees, if applicable, for the Premises;

(7) Sales and use taxes and Title 24 fees, art fees and taxes, gross receipts taxes and any other taxes imposed on or pertaining to the Tenant Improvements;

(8) Costs of voice and data communication cabling costs and associated permits and signage, security systems (access control, alarm and CCTV), relocation costs, and telephone, computer and other operating systems; and

(9) A construction management fee payable to Landlord (which Landlord shall be entitled to deduct from the Tenant Improvement Allowance) equal to one percent (1%) of the total hard construction costs of the Tenant Improvements.

No other costs, fees or expenses of the Tenant Improvements shall be reimbursable out of the Tenant Improvement Allowance. If the actual cost of the Tenant Improvements is less than the Tenant Improvement Allowance, then Tenant shall not receive any credit whatsoever for the difference between the actual cost of the Tenant Improvements and Tenant Improvement Allowance.

Landlord shall disburse such amounts paid to Landlord by Tenant and the Tenant Improvement Allowance in accordance with the disbursement procedures set forth below:

(i) Disbursements shall be made in monthly progress payments based on Disbursement Requests (defined below) delivered to Landlord not more often than once per calendar month and shall be submitted prior to the twentieth day of each such calendar month. Except for the final disbursement of the Tenant Improvement Allowance as described in Paragraph (a)(x), in no event will monthly disbursements exceed ninety percent (90%) of the amount requested in a Disbursement Request. In the event the Construction Estimate (as defined below) exceeds the amount of the Tenant Improvement Allowance, Landlord and Tenant shall make each monthly payment of the Disbursement Requests pro rata according to the following percentages: (a) Landlord shall pay a percentage equal to ninety percent (90%) of the Tenant Improvement Allowance divided by the Construction Estimate and (b) Tenant shall pay the remaining amount.

(ii) Tenant (or its architect or Tenant's contractor) shall have given Landlord a written request for any desired disbursement (a "Disbursement Request"), specifying the amount of the requested disbursement and accompanied by a written statement by Tenant describing the expenses to be paid from such disbursement.

(iii) In the event Tenant's contractor makes a Disbursement Request, Tenant and its architect shall both confirm by signature to Landlord their consent and approval of the amounts requested in the Disbursement Request and the completion of the Tenant Improvements for which such Disbursement Request relates and such evidence shall be supplied to Landlord.

(iv) Tenant (or its architect or Tenant's Contractor) shall have delivered to Landlord (A) evidence satisfactory to Landlord in its reasonable judgment (which may include, without limitation, conditional and/or unconditional lien waivers, as appropriate) demonstrating that the amount of the requested disbursement is for permissible costs for work theretofore performed and for which no previous disbursement from the Tenant Improvement Allowance was made, (B) evidence satisfactory to Landlord in its reasonable judgment (which for the purposes of this clause (B) it shall be deemed satisfactory if Landlord is supplied with unconditional lien waivers) that all previous disbursements from the Tenant Improvement Allowance have been properly applied to pay for those costs for which such previous disbursements were made and that to the extent required Tenant has made its pro rata share of payments in connection with each disbursement request as set forth in item (i) above, and (C) such evidence as Landlord may reasonably require (which may include an inspection by Landlord or its representative) to verify that the subject of any such Disbursement Request and any other work has been completed.

(v) Provided that Tenant has submitted the Disbursement Request with all applicable requirements set forth herein as of the twentieth (20th) day of each calendar month, then Landlord shall make the requested disbursement to the payee designated by Tenant by no later than the fifteenth (l 5th) day of the following calendar month.

(vi) There shall be no event of default by Tenant under the Lease beyond any applicable notice and cure periods provided for in the Lease.

(vii) Landlord shall not have any responsibility to Tenant (A) to see that any work for which reimbursement is requested hereunder is constructed in accordance with applicable plans and specifications, or that such work will be completed, or that sufficient funds (above and beyond the Tenant Improvement Allowance) are available for completion, (B) for mechanics' liens or claims by contractors, subcontractors, materialmen or any others hired by Tenant to do work in the Premises, subject to Landlord's obligations hereunder to disburse the Tenant Improvement Allowance, or (C) Landlord shall not be required to disburse funds in excess of the Tenant Improvement Allowance, except as otherwise provided in this Exhibit B and Exhibit H.

(viii) All conditions to Landlord's obligation to disburse the Tenant Improvement Allowance are for the exclusive benefit of Landlord. Any or all such conditions may be waived or relaxed at any time or times by Landlord, at its sole and exclusive option. No such waiver or relaxation in any particular instance shall affect Landlord's discretion in dealing with any such condition in any other instance.

(ix) Except for the final disbursement of the Tenant Improvement Allowance, in no event will monthly disbursements exceed ninety percent (90%) of the amount requested in a Disbursement Request. At the time of Substantial Completion and upon satisfaction of the foregoing conditions, receipt of final lien waivers and Tenant's receipt of a final signed inspection record for the Premises or its legal equivalent, Landlord shall disburse the final ten percent (10%) of the Tenant Improvement Allowance that Tenant or Tenant's contractor is otherwise entitled to have disbursed hereunder.

(x) To the extent that Landlord fails to pay from the Tenant Improvement Allowance amounts due to Tenant's Contractor, Space Planner, engineers and Tenant's agents in accordance with the terms hereof, and such amounts remain unpaid for thirty-five (35) days after notice form Tenant and Landlord does not dispute that the Disbursement Request (including all applicable documentation required hereunder) has been properly and timely submitted hereunder, then without limiting Tenant's other remedies under the Lease, Tenant may, after Landlord's failure to pay such amounts within five (5) business days after Tenant's delivery of a second notice from Tenant delivered after the expiration of such 35-day period (with such second notice providing in bold, all-capital typeface at the top of such notice that "LANDLORD'S FAILURE TO MAKE THE REQUESTED DISBURSEMENTS FROM THE TENANT IMPROVEMENT ALLOWANCE REQUESTED IN CONNECTION WITH THE ENCLOSED DISBURSEMENT REQUEST MAY RESULT IN TENANT BEING PERMITTED TO OFFSET RENT DUE UNDER THE LEASE"), pay same and deduct the amount thereof from the Rent next due and owning under the Lease, including interest at the Interest Rate from the due date until the date of the Rent offset. Notwithstanding the foregoing, if during either the 35-day or 5-day period set forth above, Landlord (i) delivers notice to Tenant that it disputes any portion of the amounts claimed to be due (the "Allowance Dispute Notice"), Tenant shall have no right to offset any amounts against rent unless and until Tenant initiates an arbitration procedure in accordance with the terms of this Paragraph in order to determine whether Tenant has satisfied all requirements set forth in this Exhibit B in order to be entitled to the requested disbursement. In the event Tenant claims that Tenant has satisfied all of the requirements in order to receive a disbursement from the Tenant Improvement Allowance and, therefore, that Landlord's Allowance Dispute Notice is not correct, then Tenant shall send Landlord a written notice within thirty (30) days of Landlord's issuance of such Allowance Dispute Notice (the "Offset Dispute Notice"), specifying the grounds on which Tenant asserts that the Allowance Dispute Notice was factually incorrect (provided, however, Tenant shall only be permitted to rely upon materials and documentation furnished to Landlord prior to the date that Landlord issued the applicable Allowance Dispute Notice) and electing to have the dispute resolved by arbitration as hereinbelow provided (the "Expedited Arbitration"). In the Offset Dispute Notice, Tenant shall designate an arbitrator of its selection who meets the qualifications provided below.

Within fifteen (15) business days after receipt of the Offset Dispute Notice, Landlord shall notify Tenant of its selection of an arbitrator who meets the qualifications provided below. Landlord's and Tenant's arbitrators shall then select a third, neutral arbitrator who meets the qualifications provided below. The Expedited Arbitration shall be held at such neutral arbitrator's office. Each of the arbitrators shall (1) have at least ten (10) years' experience in either

managing Class A office buildings or representing owners in the leasing of Class A office buildings, (2) not have represented Landlord or Tenant during the preceding five years, and (3) have general experience and competence in determining the issue at hand. The Expedited Arbitration shall be held on a mutually agreeable date which shall be no less than thirty (30) days and no more than sixty (60) days after Landlord's receipt of the Offset Dispute Notice. The Expedited Arbitration shall be conducted in accordance with the rules of the American Arbitration Association and the scope of the arbitrators' inquiry and determination shall be strictly limited to whether Landlord's Dispute Notice was factually correct based on the documentation and information furnished by Tenant at the time that Landlord provided such Landlord's Allowance Dispute Notice. The determination of the majority of the arbitrators shall be conclusive and binding upon the parties and shall be made within five (5) business days after completion of the hearing. The unsuccessful party shall pay all of the fees and expenses of the three (3) arbitrators charged in connection with the Expedited Arbitration. In the event the arbitrators find that Landlord's Allowance Dispute Notice was factually incorrect as set forth herein, Tenant may proceed with the proposed offset against future rent for the amount that Landlord was required to pay to Tenant but failed to timely do so; provided, however, if Landlord subsequently disburses such amount to Tenant then Tenant shall not have the right to offset with respect to such amount. The arbitrators' decision may be entered as a final judgment in the court records of the applicable jurisdiction.

(b) Preparation and Review of Plans for Tenant Improvements. Tenant has retained a space planner (the "Space Planner"), and the Space Planner has prepared (or will prepare) certain plans, drawings and specifications (the "Temporary Plans") for the construction of the Tenant Improvements in the Premises to be installed in the Premises by a general contractor selected by Tenant pursuant to this Work Letter. Landlord hereby approves Rapt Studio as Tenant's Space Planner. Tenant shall deliver the Temporary Plans to Landlord within thirty (30) days after the execution of this Lease by Tenant. Landlord shall have seven (7) business days after Landlord's receipt of the proposed Temporary Plans to review the same and notify Tenant in writing of any comments or required changes, or to otherwise give its approval or disapproval of such proposed Temporary Plans. If Landlord fails to give written comments to or approve the Temporary Plans within such seven (7) business day period, then Tenant may provide a second written notice to Landlord (the "Temporary Plans Second Notice"), which such second notice shall provide in bold, all-capital typeface at the top of such notice as follows: "LANDLORD'S FAILURE TO PROVIDE COMMENTS TO OR APPROVE OF THE PROPOSED TEMPORARY PLANS WITHIN THREE (3) BUSINESS DAYS AFTER RECEIPT OF THIS SECOND NOTICE SHALL CONSTITUTE LANDLORD'S ACCEPTANCE OF THE PROPOSED TEMPORARY PLANS." If Landlord fails to give written comments to or approve the Temporary Plans within three (3) business days after receipt of the Temporary Plans Second Notice, then Landlord shall be deemed to have approved the Temporary Plans as submitted. Tenant shall following its receipt of Landlord's comments and objections, redraw the proposed Temporary Plans in compliance with Landlord's request and to resubmit the same for Landlord's final review and approval or comment within seven (7) business days of Landlord's receipt of such revised plans. Such process shall be repeated until such time as final approval by Landlord of the proposed Temporary Plans has been obtained. Once Landlord has approved the Temporary Plans, the Tenant shall prepare working drawings which shall be thereafter known as the "Final Plans". The Final Plans shall include the complete and final layout, plans and specifications for the Premises showing all doors, light fixtures, electrical outlets, telephone outlets, wall coverings, plumbing improvements (if any), data systems wiring, floor coverings, wall coverings, painting, any other improvements to the Premises beyond the shell and core improvements provided by Landlord and any demolition of existing improvements in the Premises. The improvements shown in the Final Plans shall (i) be of quality equal to or better than the existing building materials, (ii) be compatible with the shell and core improvements and the design, construction and equipment of the Premises, and (iii) comply with all applicable laws, rules, regulations, codes and ordinances. Tenant, using the Space Planner, shall prepare or cause to be prepared and submitted the Final Plans, concurrently, and in each case by receipted courier or delivery service, to Landlord's construction representative, Matthew Howell ("Landlord's Construction Representative"), and Landlord's offices for Landlord's review and approval, which shall be consistent with the description of the Tenant Improvements set forth in the Temporary Plans.

Each set of proposed Final Plans furnished by Tenant shall include at least two (2) sets of prints. The Final Plans shall be compatible with the design, construction, and equipment of the Building, and shall be capable of logical measurement and construction. Unless Landlord shall otherwise agree in writing, the Final Plans shall be signed/stamped by the Space Planner, and shall include (to the extent relevant or applicable) such additional plans reasonably requested by Landlord related to the Tenant Improvements, including, without limitation, any and all additional plans related to Tenant's specific use of the Premises, or as may be required by local city ordinance or building code.

Tenant shall submit all Final Plans concurrently to Landlord's construction representative and offices, as designated above, for Landlord's review and approval. Landlord shall have five (5) business days after Landlord's receipt of the proposed Final Plans to review the same and notify Tenant in writing of any comments or required changes, or to otherwise give its approval or disapproval of such proposed Final Plans. If Landlord fails to give written comments to or approve the Final Plans within such five (5) business day period, then Tenant may provide a second written notice to Landlord (the "Final Plans Second Notice"), which such second notice shall provide in bold, all-capital typeface at the top of such notice as follows: "LANDLORD'S FAILURE TO PROVIDE COMMENTS TO OR APPROVE OF THE PROPOSED FINAL PLANS WITHIN THREE (3) BUSINESS DAYS AFTER RECEIPT OF THIS SECOND NOTICE SHALL CONSTITUTE LANDLORD'S ACCEPTANCE OF THE PROPOSED FINAL PLANS." If Landlord fails to give written comments to or approve the Final Plans within three (3) business days after receipt of the Final Plans Second Notice, then Landlord shall be deemed to have approved the Final Plans as submitted. Tenant shall following its receipt of Landlord's comments and objections to redraw the proposed Final Plans in compliance with Landlord's request and shall resubmit the same for Landlord's final review and approval or comment within five (5) business days of Landlord's receipt of such revised plans. Such process shall be repeated as necessary until final approval by Landlord of the proposed Final Plans has been obtained. Landlord may at any time by written notice given in accordance with the notice provisions of the Lease change the name and/or address of the designated Landlord's construction representative to receive plans delivered by Tenant to Landlord. In the event that Tenant disagrees with any of the changes to the proposed Final Plans required by Landlord, then Landlord and Tenant shall consult with respect thereto and each party shall use all reasonable efforts to promptly resolve any disputed elements of such proposed Final Plans. If such Final Plans are not resolved by Landlord and Tenant, then Tenant shall accept Landlord's final changes to the proposed Final Plans. For purposes hereof, "business days" shall be all calendar days except Saturdays and Sundays and holidays observed by national banks in the State in which the Premises are situated. Notwithstanding anything herein to the contrary, upon Landlord's review and approval of the construction drawings related to the initial Tenant Improvements, Landlord shall advise Tenant at the time of such approval if any portion of the Tenant Improvements shall be required to be removed at the expiration or earlier termination of the Lease, subject to the provisions of Paragraph 4(b) of the Lease.

Notwithstanding the preceding provisions of this Paragraph (b), under no circumstances whatsoever shall (i) any combustible materials be utilized above finished ceiling or in any concealed space, (ii) any structural load, temporary or permanent, be placed or exerted on any part of the Building without the prior written approval of Landlord, or (iii) any holes be cut or drilled in any part of the roof or other portion of the Building shell without the prior written approval of Landlord.

In the event that Tenant proposes any material changes to the Final Plans (or any portion thereof) or any changes that would create a Design Problem as set forth in Paragraph 4(b) after the same have been approved by Landlord, Landlord shall not unreasonably withhold its consent to any such changes and shall approve or disapprove such requests within five (5) business days, provided the changes do not, in Landlord's reasonable opinion, adversely affect the Building structure, systems, or equipment, or the external appearance (other than the construction of the Rooftop Deck) of the Premises.

As soon as the Final Plans (or a portion thereof sufficient to permit commencement of construction or installation of the Tenant Improvements, if Tenant elects to proceed with a "fast track" construction) are mutually agreed upon, Tenant shall use diligent efforts to obtain all required permits, authorizations, and licenses from appropriate governmental authorities for construction of the Tenant Improvements (or such portion thereof, as applicable). Tenant shall be solely responsible for obtaining any business or other license or permit required for the conduct of its business at the Premises; provided, however, that Landlord, at no cost to Landlord, shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. Landlord shall cooperate with Tenant and timely provide any necessary documentation required for Tenant to obtain required permits, including ADA path of travel and restroom drawings and, to the extent Landlord currently has any such files or drawings in its possession, CAD files of the Building.

(c) Construction of the Tenant Improvements. Construction or installation of the Tenant Improvements shall be performed by a licensed general contractor or contractors selected by Tenant and approved by Landlord, such approval not to be unreasonably withheld or conditioned and shall be approved or denied within five (5) business days (the "Tenant's Contractor," whether one or more), pursuant to a written construction contract negotiated and entered

into by and between the Tenant's Contractor and Tenant and reasonably approved by Landlord. Landlord hereby approves of the following contractors if selected by Tenant for the Tenant Improvements: (i) Howard Building Corporation, (ii) Clune, (iii) Corporate Contractors, (iv) Environmental, (v) Sierra Pacific, and (vi) KPRS. In addition, Landlord approves of ARC as the engineer for MEP work in connection with the Tenant Improvements. Landlord agrees that Tenant shall not be required to hire any union labor in connection with the Tenant Improvements; provided, however, Tenant hereby agrees that it shall not retain (or cause to be retained through its general contractor) any general contractor or subcontractor that will create any labor disharmony or disruption at the Building or Project and that Landlord shall be permitted to either disapprove of such general contractors or subcontractors and/or direct Tenant to immediately cease using any such general contractors and/or subcontractors that create any such labor disharmony or disruption; provided, however, Landlord agrees that Tenant shall have the right to cure any disharmony or disruption through maintenance of a dual gate system. Each such contract shall (i) obligate Tenant's Contractor to comply with all non-discriminatory rules and regulations of Landlord relating to construction activities in the Building (a copy of the current construction rules and regulations being attached hereto as Exhibit B-1), (ii) name Landlord as an additional indemnitee under the provisions of the contract whereby the Tenant's Contractor holds Tenant harmless from and against any and all claims, damages, losses, liabilities and expenses arising out of or resulting from the performance of such work, (iii) name Landlord as a beneficiary of (and a party entitled to enforce) all of the warranties of the Tenant's Contractor with respect to the work performed thereunder and the obligation of the Tenant's Contractor to replace defective materials and correct defective workmanship for a period of not less than one (1) year following final completion of the work under such contract, and (iv) evidence the agreement of the Tenant's Contractor that the provisions of the Lease shall control over the provisions of the contract with respect to distribution or use of insurance proceeds, in the event of a casualty during construction. Prior to commencement of construction of the Tenant Improvements, Tenant's Contractor shall provide Tenant with an estimate of the total cost to construct and install the Tenant Improvements (the "Construction Estimate").

Tenant acknowledges and understands that all roof penetrations involved in the construction of the Tenant Improvements must be performed by the Landlord's Building roofing contractor; provided, however, if such Landlord designated contractors are not providing commercially reasonable prices or are not reasonably available, then Landlord agrees to consult with such contractors in order to resolve such issues. All costs, fees and expenses incurred with such contractor in performing such work shall be a cost of the Tenant Improvements, payable in accordance with the provisions of this Exhibit B. Tenant or Tenant's Contractor or any of Tenant's other agents shall not be responsible for the costs of parking, loading docks, water, gas, electricity, sewer or other utilities used or consumed at the Premises during the construction of the Tenant Improvements and Tenant's initial move into the Premises; provided, however, Landlord shall be permitted to charge Tenant for heating, ventilation and air conditioning furnished at Tenant's request outside of normal Business Hours at Landlord's standard charge for such overtime HVAC on an hourly basis (which such standard charge being equal to $75.00 per hour, as such charge may increase in accordance with the Lease). Tenant shall not be charged for the use of the restrooms during the construction of the Tenant Improvements.

Tenant specifically agrees to carry, or cause the Tenant's Contractor to carry, during all such times as the Tenant's work is being performed, insurance in accordance with the requirements of Paragraph 8(d) of this Lease. Tenant shall not commence construction of the Tenant Improvements until Landlord has issued to Tenant a written authorization to proceed with construction (which Landlord shall be obligated to provide within five (5) business days) after Tenant has delivered to Landlord's construction representative (i) certificates of the insurance policies described above, (ii) copies of all permits required for construction of the Tenant Improvements and a copy of the permitted Final Plans as approved by the appropriate governmental agency, and (iii) a copy of each signed construction contract or a letter of intenat for the Tenant Improvements (a copy of each subsequently signed contract shall be forwarded to Landlord's construction representative without request or demand, promptly after execution thereof and prior to the performance of any work thereunder). All of the construction work shall be the responsibility of and supervised by Tenant.

(d) Requirements for Tenant's Work. All of Tenant's construction with respect to the Premises shall be performed in substantial compliance with this Exhibit B and the Final Plans therefor previously approved in writing by Landlord (and any changes thereto approved by Landlord as herein provided), and in a good and workmanlike manner, utilizing only new materials. All such work shall be performed by Tenant in strict compliance with all applicable building codes, regulations and all other legal requirements. All materials utilized in the construction of Tenant's work must be confined to within the Premises. All trash and construction debris not located wholly within the Premises must be removed each day from the Project at the sole cost and expense of Tenant. Landlord shall have

the right at all times to monitor the work for compliance with the requirements of this Exhibit B. If Landlord determines that any such requirements are not being strictly complied with, Landlord may immediately require the cessation of all work being performed in or around the Premises or the Project until such time as Landlord is satisfied that the applicable requirements will be observed. Any approval given by Landlord with respect to Tenant's construction or the Temporary Plans or Final Plans therefor, and/or any monitoring of Tenant's work by Landlord, shall not make Landlord liable or responsible in any way for the condition, quality or function of such matters or constitute any undertaking, warranty or representation by Landlord with respect to any of such matters.

(e) [Intentionally Deleted].

(f) Substantial Completion. "Substantial Completion" of construction of the Tenant Improvements shall be defined as the date upon which all of the following occur (i) Landlord's Construction Representative (or other consultant engaged by Landlord) determines that the Tenant Improvements have been substantially completed in accordance with the Final Plans, (ii) a temporary certificate of occupancy (or its equivalent) is issued for the Premises by the appropriate governmental authority, and (iii) final unconditional lien waivers are provided with respect to the Tenant Improvements. After the completion of the Tenant Improvements, Tenant shall, upon demand, execute and deliver to Landlord a letter of acceptance of improvements performed on the Premises. The failure of Tenant to take possession of or to occupy the Premises shall not serve to relieve Tenant of obligations arising on the Commencement Date or delay the payment of Rent by Tenant.

(g) No Miscellaneous Costs. Subject to Landlord's reasonable and non-discriminatory scheduling requirements, Landlord shall permit Tenant and Tenant's Contractor to use free of charge the Building's elevators and related facilities of the Building to the extent the same is reasonably necessary for Tenant, Tenant's agents and/or the Tenant's Contractor to construct the Tenant Improvements, and for Tenant's initial move into the Premises, including the installation of Tenant's furniture, fixtures, and equipment.

(h) No Bond Required. Notwithstanding anything to the contrary set forth in this Lease, Tenant shall not be required to obtain or provide any completion or performance bond in connection with any Tenant Improvement work performed by or on behalf of Tenant.

(i) Cleaning of Premises; Window Washing. Following the Substantial Completion of the Tenant Improvements, and following the removal from the Premises of all construction equipment and materials by Tenant's agents, and the Premises having been cleaned by the Tenant's Contractor as normally provided upon completion of construction, Landlord shall (i) cause the Premises to be cleaned by the Building's standard janitorial service using Building standard methods and (ii) professionally wash all exterior windows of the Premises.

(j) Reimbursement of Increased Construction Costs. Subject to the terms and provisions of this Work Letter, in the event that Tenant's actual cost of constructing the Tenant Improvements (provided such Tenant Improvements are normal and customary general office use improvements) is increased as a result of the failure of the base building to comply with code as required under the terms of this Work Letter or Exhibit H (a "Code Compliance Violation"), Landlord shall be required to reimburse Tenant in an amount equal to the actual, reasonable documented increase in Tenant's cost of designing and constructing the Tenant Improvements resulting from such Code Compliance Violation (the "Code Compliance Reimbursement").

(k) Commencement Date Delays. The Commencement Date shall occur as provided in this Lease, provided that the Commencement Date shall be extended by the number of days of actual delay of the Substantial Completion of the Tenant Improvements and/or Tenant's move into the Premises to the extent caused by a "Commencement Date Delay," as that term is defined below. As used herein, the term "Commencement Date Delay" shall mean only a Force Majeure Delay (as defined in the Lease) or a Landlord Caused Delay. As used herein, the term "Landlord Caused Delay" shall mean the following to the extent actually causing delays in the completion of the Tenant Improvements (i) failure of Landlord to timely approve or disapprove any Final Plans or change orders or any other items set forth in this Work Letter requiring Landlord's approval within time periods set forth in this Work Letter or this Lease, as applicable, or otherwise within a reasonable period of time (except to the extent deemed approved); (ii) delays due to the wrongful acts or failures to act of Landlord or its property management company, including, without limitation, with respect to payment of the Tenant Improvement Allowance even though all disbursement requests have been satisfied; (iii) material and unreasonable interference by Landlord, its agents or Landlord Affiliates

(except as otherwise allowed under this Work Letter) with the Substantial Completion of the Tenant Improvements and which objectively preclude or delay the construction of tenant improvements in the Building by any person, which interference relates to access by Tenant, or Tenant's Contractor or Tenant's agents to the Building or any Building facilities (including loading docks and elevators but in each case subject to the availability of such loading docks and elevators and Landlord's scheduling requirements with respect thereto) or service and utilities (including temporary power and parking areas as provided herein) during normal construction hours, or the use thereof during normal construction hours; (iv) Landlord's failure to deliver the Premises in Base Building Condition as and when required or to timely complete any work required to be completed by Landlord; (v) delays due to Material Latent Defects; and (vi) the discovery by Tenant of Hazardous Materials in the Premises that were not brought into the Premises by Tenant or its agents, contractors, subcontractors or employees. If Tenant contends that a Commencement Date Delay has occurred, Tenant shall notify Landlord in writing of (i) the event which constitutes such Commencement Date Delay and (ii) the date upon which such Commencement Date Delay is anticipated to end. In connection with any Commencement Date Delays, if such actions, inaction or circumstance described in the Notice (the "Delay Notice") are not cured by Landlord within two (2) business days of Landlord's receipt of the Delay Notice and if such action, inaction or circumstance otherwise qualify as a Commencement Date Delay, then a Commencement Date Delay shall be deemed to have occurred commencing as of the date that is three (3) business days following Landlord's receipt of the Delay Notice and ending as of the date such delay ends.

EXHIBIT B-1
CONSTRUCTION

RULES
AND
REGULATIONS

12130, 12150 and 12180 Millennium
Playa Vista, CA 90094

Please contact The Office of the Building at least 24 hours in advance of scheduling work so that we can make sure we have received all of the required paperwork. You must abide by the following construction rules & regulations at all times.

Property Information:

Property Owner:
CV Latitude 34 LLC

Property Management Company:

LPC West, LLC

Office of the Building
12180 Millennium
Suite 120
Playa Vista, CA 90094
310 862 9490 Office
310 862 9491 Facsimile
Email: eleon@1pc.com
itadeo-porter@ipc.con-i

General:

Normal Business Hours: 8 am to 6 pm

No work may occur during normal business hours that will be considered disruptive (noise or VOC related) to other occupants

Building Access: This is a secured facility locked downed from 7:00 pm to 7:00 am you will need to coordinate building access with the Property Management office i f you require access outside those parameters; tenant or subtenant premise access is with the tenant or subtenant. We do not provide premise access to any tenanted space under any circumstance.

You will provide for appropriate protection for building corridors, doors and elevators (if applicable). Elevators pads are available from the Building.

We will not accept any delivery for you; you must have someone present to accept delivery.

Access for construction workers or delivery personnel must be requested daily for after-hours building access.

We do require a daily sign in for ALL construction personnel at the security console regardless of time of day.

Rules and Regulations

A) Supervision - contractor shall provide a full time supervisor or representative on site at all times whenever construction is being performed.

B) Work Areas - contractor shall contain all operations within the premises of their space and such other space as Landlord may specifically permit. Common areas, public corridors, service corridors and exterior of Landlord's building must be kept clear of General equipment, merchandise, fixtures and trash at all times.

C) Construction Power - Temporary electrical facilities for "normal" construction power requirements shall be available from Landlord. Excess electrical power consumption shall not be tolerated; Landlord does not warrant that all power requirements of contractor shall be delivered; only that power sufficient to meet the requirements of normal construction equipment is available.

D) Deliveries - All deliveries are to be made during off hours so long as the building is not occupied by any other tenant or occupant at such time. Any other delivery time must be pre-approved by Property Manager. The Contractor is responsible for cleaning up any tracked dust or debris on common areas after delivery is completed.

E) Parking Workmen are to park in designated areas, vehicles parked in tenant parking will be subject to towing at the owners expense.

F) Construction Noise Any work involving saw cutting, boring or drilling that creates excessive noise levels, shall be performed during non-business hours. This is to insure that neighboring Tenants are not disturbed. A fine of $250.00 will be imposed for each occurrence to the extent any such neighboring tenants exist at such time.

G) Trash Removal - Trash is the responsibility of the general contractor. At no time shall contractors use the Building trash compactors or containers. Contact the Property Management Office to obtain the name of the Refuse Company that services the Property. Coordinate with the Property Management Office on the location of a trash container for your job. The container must be removed immediately after use. The surrounding area of the container must remain clear of debris, and the area must be clean after the final removal of the container. All disposal of hazardous waste shall be in accordance with ail local, state and federal regulations. Contractor is responsible for damage to parking surfaces and common areas caused by Contractors' roll-off or storage box containers.

H) Safety General Contractor shall comply will all applicable safety regulations and will be responsible for the conduct of all employees or sub-contractors working on job site. Work is monitored by Building Staff and Security with regard to performance of work and general safety. **Alcohol consumption is NOT permitted in or about the Property. Smoking is only permitted in the areas identified in or about the property. Please inform the management office if individuals will need to be directed to the approved smoking areas.**

1) Hazardous Materials - Contractor must provide proper ventilation and MSDS forms for any chemical or items noted below:

1. Asbestos containing materials (if applicable)
2. Toxic Chemicals
3. Epoxies or Glues
4. Vinyl or sheet flooring, mirror and roof mastic
5. Paint, Lacquer Urethanes, or any materials requiring special ventilation.

J) Roof Access - Access to the Building roof is restricted to authorized personnel and all contractors must sign-in and out at the Security Console with no exceptions. Proof of insurance and a valid Driver's License are required. Ladders will not be permitted on the side of the building for roof access. Under no circumstances will any Air or Crane lifts of HVAC equipment be allowed without prior approval from the Property Manager. A forty-eight (48) hour notice is required.

K) Work Hours All work at the site is typically limited to Monday through Saturday, from 7:00 am to 6:00 pm. However, certain exceptions can be accommodated with a minimum 48 hour advance notification to the Property Management Office.

L) Damage Repair General contractor shall be responsible for the repair and/or replacement of any damages caused by General Contractor or sub-contractors to the Property or surrounding tenants. All damage must be repaired within a twenty-four (24) hour time period (or must be commenced within such twenty-four (24) hour period and promptly repaired if such damage cannot be feasibly repaired within such twenty-four (24) hour period), or the Landlord will complete all necessary repairs at the sole cost and expense of the General Contractor.

M) Compliance/Closeout Paperwork - General Contractor shall deliver to the Property Manager within ten (10) days of completion of General work (or such later time as Landlord and/or Property Manager may reasonably approve):

1. Building Permit
2. Notice of Completion
3. Certificate of Occupancy
4. Letter from Structural engineer certifying that all Electrical, Mechanical (HVAC) & Plumbing Equipment is adequately supported.
5. Lien Releases
6. Itemized Statement of improvement costs
7. As-Built Plans for Architectural, Mechanical, Plumbing, Fire-Protection, and Electrical systems.

Exhibits: A Contractor Check List

B Certificate of Insurance Requirements

C Designated Parking

D Contractor Information Form

E Sub-Contractor List

Management reserves the right to make changes to the aforementioned rules & regulations of construction with or without notice to contractor.

EXHIBIT A

CONTRACTOR CHECK LIST:

Copy of Building Permit

Building Department Stamped Plans

Certificate of Insurance —In General - *Please check with Management Office to confirm appropriate coverage amounts for your project and scope of work*

- Five Million ($5,000,000) Combined Single Limit
- Additional Insured
- 30 Day Termination Notice
- One Million ($1,000,000) Auto Liability

Schedule of Work

24-Hour Phone Number of General Contractor

List of:

- All Sub-contractors & Phone Numbers
- All Suppliers & Phone Numbers

Permits on file in Management Office

Material Safety Data Sheet

Notice of Non-Responsibility

Dumpster

Portable Port-A-Potty

Following completion of Build-Out:

BUILDING PERMIT

NOTICE OF COMPLETION

CERTIFICATE OF OCCUPANCY

LEIN RELEASES

CERTIFIED AIR BALANCE REPORT

AS- BUILT PLANS

EXHIBIT B

Certificate of Insurance Requirements

[To be provided after Lease execution]

EXIHBIT C
Designated Parking

[To be provided after Lease execution]

EXHIBIT D

CONTRACTORS INFORMATION FORM

Tenant Name:_____ Space #_____

Contractor's Name: _____

Address: _____

Phone: _____ Fax: _____

Individual in Charge: _____

Building Permit Number: _____

Plans Approved	Yes _____	No _____
Certificate of Insurance received	Yes _____	No _____
List of Sub-Contractors	Yes _____	No _____

Date Plans Submitted to Building Department: _____

Construction Started: _____

Scheduled Completion Date: _____

Contractor's Rules & Regulations — Received & Acknowledged by:

Contractor: _____

Superintendent: _____

24-Hour Emergency Number: _____

Signature: _____

Date: _____

EXHIBIT E

SUB-CONTRACTOR LIST

TRADES:	CONTRACTORS:	PHONE NUMBER:
DEMO		
FRAMING, DRYWALL		
ELECTRIC		
HVAC		
PLUMBING		
SPRINKLER		
CEILING GRID		
PAINTING		
CARPET		
CERMIC		
FIXTURING, CARPENTRY		
GLASS/MIRRORS		
SIGN		
CLEANING		
DUMPSTER		
AIR/CRANE OPERATOR		

EXHIBIT C
BUILDING RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways and corridors of halls shall not be obstructed or used for any purpose other than ingress and egress. Except for Tenant's right to use the Rooftop Deck, the halls, passages, entrances, elevators, stairways, balconies and roof are not for the use of the general public, and the Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence, in the reasonable judgment of the Landlord, shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom the Tenant normally deals only for the purpose of conducting its business in the Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are engaged in illegal activities. No tenant and no employees of any tenant shall go upon the roof (as opposed to the Rooftop Deck) of the Building without the written consent of Landlord.

2. Except for Tenant's right to use the Rooftop Deck, no awnings or other projections shall be attached to the outside walls 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 standard window coverings. All electrical ceiling fixtures hung in offices or spaces along the perimeter of the Building must be of a quality, type, design and bulb color reasonably approved by Landlord. Neither the interior nor the exterior of any windows shall be coated or otherwise sunscreened without the written consent of Landlord.

3. Except as provided in the Lease, no sign, advertisement, notice or handbill shall be Exhibited, distributed, painted or affixed by any tenant on, about or from any part of the Premises, the Building or the Project without the prior written consent of the Landlord. If the Landlord shall have given such consent at the time, whether before or after the execution of this Lease, such consent shall in no way operate as a waiver or release of any of the provisions hereof or of this Lease, and shall be deemed to relate only to the particular sign, advertisement or notice so consented to by the Landlord and shall not be construed as dispensing with the necessity of obtaining the specific written consent of the Landlord with respect to each and every such sign, advertisement or notice other than the particular sign, advertisement or notice, as the case may be, so consented to by the Landlord. In the event of the violation of the foregoing by any tenant, Landlord may remove or stop same without any liability, and may charge the expense incurred in such removal or stopping to such tenant.

4. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into halls, passageways or other public places in the Building shall not be covered or obstructed by any tenant, nor shall any bottles, parcels or other articles be placed on the window sills. Tenant shall see that the windows, transoms and doors of the Premises are closed and securely locked before leaving the Building and must observe strict care not to leave windows open when it rains. Tenant shall not tamper with or change the setting of any thermostats or temperature control valves.

5. The toilet rooms, water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they were considered, and no sweepings, rubbish, rags or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by the tenant who, or whose subtenants, assignees or any of their servants, employees, agents, visitors or licensees shall have caused the same.

6. Except with respect to hanging of art work or in connection with an approved Alteration, no tenant shall mark, paint, drill into, or in any way deface any part of the Premises, the Building or the Project. No boring, cutting or stringing of wires or laying of linoleum or other similar floor coverings shall be permitted, except with the prior written consent of the Landlord and as the Landlord may direct.

7. Except for any dogs that are brought into the Premises in compliance with the Project's Dog Visitation Policy (which is attached hereto as Exhibit I) or otherwise are certified animal assist dogs, no vehicles, birds or animals of any kind shall be brought into or kept in or about the Premises, and, except as expressly provided in the Lease, no cooking shall be done or permitted by any tenant on the Premises, except that the preparation of coffee, tea, hot chocolate and similar items (including those suitable for microwave heating) for tenants and their employees and invitees shall be permitted, provided that the power required therefor shall not exceed that amount which can be provided by a 30 amp circuit. No tenant shall cause or permit any unusual or objectionable odors to be produced or permeate the Premises. Smoking or carrying lighted cigars, cigarettes or pipes in the Building is prohibited. Bicycles may be brought to the Project so long as such usage complies with the reasonable non-discriminatory rules promulgated by property management from time to time and such bicycles shall be stored and/or kept in designated areas. Notwithstanding the foregoing, bicycles shall not be ridden in the Common Areas. In all events, Landlord shall not be liable for and Tenant hereby waives any claim against Landlord for any stolen bicycles.

8. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the permitted use of the Premises. No tenant shall occupy or permit any portion of the Premises to be occupied as an office for a public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco (except by a cigarette vending machine for use by Tenant's employees) in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau, without the express written consent of Landlord. The Premises shall not be used for lodging or sleeping or for any illegal purposes.

9. No tenant shall make, or permit to be made any disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, phonograph, unusual noise, or in any other way. No tenant shall throw anything out of doors, windows or skylights or down the passageways.

10. No tenant, subtenant or assignee nor any of their servants, employees, agents, visitors or licensees shall at any time bring or keep upon the Premises any inflammable, combustible or explosive fluid, chemical or substance, except to the extent contained in normal office products and equipment maintained in compliance with Laws.

11. Except as set forth in the Lease, no additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in existing locks or the mechanisms thereof, without the prior written consent of Landlord, not to be unreasonably withheld or delayed. Each tenant must, upon the termination of his tenancy, restore to Landlord all keys of stores, offices, and toilet rooms in Tenant's possession.

12. Except for Tenant's ability to receive pallets of product during Business Hours subject to the terms of Paragraph 19(ss) of the Lease and move such pallets and product to the Storage Space, all removals, or the carrying in or out of any safes, freight, furniture, or bulky matter of any description must take place during the hours which Landlord shall reasonably determine from time to time, without the express written reasonable consent of Landlord. Except for Tenant's ability to receive pallets of product during Business Hours subject to the terms of Paragraph 19(ss) of the Lease and move such pallets and product to the Storage Space, the moving of safes or other fixtures or bulky matter of any kind must be done upon previous notice to the Project Management Office and under its supervision, and the persons employed by any tenant for such work must be reasonably acceptable to the Landlord. Except for Tenant's ability to receive pallets of product during Business Hours subject to the terms of Paragraph 19(ss) of the Lease and move such pallets and product to the Storage Space, Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky articles which violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part. Landlord reserves the right to reasonably prescribe the weight and position of all safes, which must be placed upon supports approved by Landlord to distribute the weight.

13. No tenant shall purchase janitorial maintenance or other similar services from any third party vendor not reasonably approved by Landlord but Tenant may use its employees as day porters (it being acknowledged and agreed that Landlord may reasonably disapprove any such third party vendor if it would create or is creating labor disharmony at the Project).

14. Landlord reserves the right to exclude from the Building between the hours of 6:00 P.M. and 7:00 A.M. and at all hours on Saturday, Sunday and legal holidays all persons who do not present a pass or card key to the Building approved by the Landlord. Each tenant shall be responsible for all persons who enter the Building with or at the invitation of such tenant and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of an invasion, mob riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right, without abatement of Rent, to require all persons to vacate the Building and to prevent access to the Building during the continuance of the same for the safety of the tenants, the protection of the Building, and the property in the Building.

15. Any persons employed by any tenant to do janitorial work shall, while in the Building and outside of the Premises, be subject to and under the reasonable control and direction of the Project Management Office (but not as an agent or servant of said Office or of the Landlord), and such tenant shall be responsible for all acts of such persons.

16. All doors opening onto public corridors shall be kept closed, except when in use for ingress and egress. In addition, Tenant shall close all Exterior Window: Doors (as defined in the Lease) during non-Business Hours.

17. The requirements of Tenant will be attended to only upon application to the Project Management Office.

18. Canvassing, soliciting and peddling in the Building are prohibited and each tenant shall report and otherwise cooperate to prevent the same.

19. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings reasonably approved by Landlord, to absorb or prevent any vibration, noise or annoyance.

20. Except as otherwise provided in the Lease, no air conditioning unit or other similar apparatus shall be installed or used by any tenant without the written consent of Landlord.

21. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks, except those equipped with rubber tires and rubber side guards.

22. No vending machine shall be installed, maintained or operated upon the Premises without the written reasonable consent of Landlord. Landlord hereby acknowledges that Tenant intends to install certain vending machines in the Premises for use by its employees and invitees and Landlord will reasonably approve the location of such vending machines upon written request by Tenant.

23. The scheduling of tenant move-ins shall be subject to the reasonable non-discriminatory discretion of Landlord.

24. If the Tenant desires telephone connections, the Landlord will direct electricians as to where and how the wires are to be introduced. No boring or cutting for wires or otherwise shall be made without direction from the Landlord.

25. The Building is a non-smoking building. Smoking is prohibited at all times within the entire Building, including all leased premises, as well as all public/common areas and parking areas for the Building, including any attached parking garage structure. This prohibition applies during business and non-business hours to restrooms, elevators, elevator lobbies, first floor lobby, stairwells, common hallways, the lunch room and any other public/common area, as well as to all areas within the Leased Premises by Tenants. Smoking is only permitted in the designated smoking area outside the Building and away from the entrances to the Building.

26. The Building and Project is a weapons free environment. No tenant, owner of a tenant, officer or employee of a tenant, visitor of tenant, contractor or subcontractor of tenant, or any other party shall carry weapons (concealed or not) of any kind in the building, or parking areas. This prohibition applies to all public areas, including without limitation, restrooms, elevators, elevator lobbies, first floor lobby, stairwells, common hallways, all areas within the leased premises of tenants, all surface parking areas and the surrounding land related to the building.

EXHIBIT D
FORM TENANT ESTOPPEL CERTIFICATE

TO: _____ ("Landlord")
_____
_____

and:

_____ ("Third Party")
_____
_____

Re: Property Address:
Lease Date: _____
Between _____ , Landlord and
_____
_____ , Tenant
_____
Square Footage Leased: _____
Suite No. _____
Floor: _____

The undersigned tenant ("Tenant") hereby certifies to Third Party and Landlord as follows:

1. The above-described Lease has not been canceled, modified, assigned, extended or amended except _____.

2. Base Rent has been paid to the first day of the current month and all additional rent has been paid and collected in a current manner. There is no prepaid rent except $_____, and the amount of the security deposit/letter of credit is $_____.

3. Base Rent is currently payable in the amount of $____ monthly exclusive of Tenant's Proportionate Share of Operating Expenses and Taxes.

4. The Lease terminates on _____, 20__ subject to any renewal option(s) set forth in the Lease.

5. All Landlord work to be performed for Tenant under the Lease in connection with Tenant's initial occupancy has been performed as required and has been accepted by Tenant, except _____

6. The Lease is: (a) in full force and effect; (b) to Tenant's actual knowledge, free from default; and (c) to Tenant's actual knowledge, Tenant has no claims against the Landlord or offsets against rent.

7. The Base Year for Operating Expenses, as defined in the said Lease, is _____ The Base Year for Taxes, as defined in the said Lease, is _____.

8. The undersigned has no right or option pursuant to the said Lease or otherwise to purchase all or any part of the Premises or the Building of which the Premises are a part.

9. There are no other agreements written or oral between the undersigned and the Landlord with respect to the Lease and/or the Premises and Building.

10. The statements contained herein may be relied upon by the Landlord and by any prospective purchaser of the property of which the Premises is a part and its mortgage lender.

If a blank in this document is not filled in, the blank will be deemed to read "none".

If Tenant is a corporation, the undersigned signatory is a duly appointed Officer of the corporation.

Dated this _____ day of , 20_.

Tenant: _____

By: _____
Name: _____
Title: _____

EXHIBIT D
FORM LANDLORD ESTOPPEL CERTIFICATE

TO: _____ ("Tenant")
_____
_____

and:

_____ ("Third Party")
_____
_____

Re: Property Address:
Lease Date: _____
Between _____ , Landlord and
_____
_____ , Tenant
_____
Square Footage Leased: _____
Suite No. _____
Floor: _____

The undersigned landlord ("Landlord") hereby certifies to Third Party and Landlord as follows:

1. The above-described Lease has not been canceled, modified, assigned, extended or amended except _____.

2. Base Rent has been paid to the first day of the current month and all additional rent has been paid and collected in a current manner. There is no prepaid rent except $_____, and the amount of the security deposit/letter of credit is $_____.

3. Base Rent is currently payable in the amount of $_____ monthly exclusive of Tenant's Proportionate Share of Operating Expenses and Taxes.

4. The Lease terminates on _____, 20__ subject to any renewal option(s) set forth in the Lease.

5. The Lease is: (a) in full force and effect; (b) to Landlord's actual knowledge, free from default; and (c) to Landlord's actual knowledge, Landlord has no claims against the Tenant.

6. The Base Year for Operating Expenses, as defined in the said Lease, is _____ The Base Year for Taxes, as defined in the said Lease, is _____.

7. There are no other agreements written or oral between the undersigned and the Tenant with respect to the Lease and/or the Premises and Building.

If a blank in this document is not filled in, the blank will be deemed to read "none".

If Landlord is a corporation, the undersigned signatory is a duly appointed Officer of the corporation.

Dated this _____ day of , 20_.

Tenant: _____

By: _____
Name: _____
Title: _____

EXHIBIT E
TENANT'S COMMENCEMENT LETTER

TO: _____ ("Landlord")
Date: _____

Tenant's Commencement Letter

The undersigned, as the Tenant under that certain Office Lease (the "Lease") dated _____, made and entered into between_____ , a _____ as Landlord, and the undersigned, as Tenant, hereby certifies that:

1. The undersigned has accepted possession and entered into occupancy of the Premises described in the Lease.
2. The Commencement Date of the Lease was _____.
3. The expiration date of the Lease is _____.
4. The Lease is in full force and effect and has not been modified or amended.
5. Landlord has performed all of its obligations to improve the Premises for occupancy by the undersigned, except as follows: _____

Very truly yours,

_____ ,
a _____

By: _____
Name: _____
Title: _____

EXHIBIT F TO LEASE
SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT

RECORDING REQUESTED
BY AND WHEN
RECORDED RETURN TO:

Associate General Counsel
Real Estate Investments
Metropolitan Life Insurance Company
Law Department
425 Market Street, Suite 1050
San Francisco, California 94105

SUBORDINATION
NONDISTURBANCE
AND ATTORNMENT AGREEMENT

NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

DEFINED TERMS

Execution Date: As of _____, 2015

Beneficiary & Address:
Metropolitan Life Insurance Company, a New York corporation, and its affiliates, as applicable
10 Park A venue
Morristown, New Jersey 07962
Attn: Senior Vice President
Real Estate Investments

with a copy to:

Metropolitan Life Insurance Company 425 Market Street, Suite I 050
San Francisco, California 94105
Attn: Vice President

and to:

Metropolitan Life Insurance Company 333 South Hope Street, Suite 3650 Los Angeles, California 90071
Attn: Regional Director

Tenant & Address:

The Honest Company, Inc., a Delaware corporation 12130 Millennium Drive Playa Vista, California 90094
Landlord & Address: CV Latitude 34 LLC, a Delaware limited liability company c/o Clarion Partners 601 South Figueroa Street, 34th Floor Los Angeles, California 90017 Attn: Asset Manager with a copy to: Lincoln Property Company 12180 Millennium Playa Vista, CA 90094 Attn: Property Manager
Loan: A first mortgage loan in the original principal amount of $102,000,000.00 from Beneficiary to Landlord.
Note: A Promissory Note executed by Landlord in favor of Beneficiary (as successor in interest to BREF IV Series A, LLC, a Delaware limited liability company) in the amount of the Loan dated as of July 1, 2014.
Deed of Trust: A Deed of Trust, Assignment of Rents and Leases, Collateral Assignment of Property Agreements, Security Agreement and Fixture Filing dated as of July 1, 2014 executed by Landlord, to First American Title Insurance Company, as Trustee, for the benefit of Beneficiary (as successor in interest to BREF IV Series A, LLC, a Delaware limited liability company) securing repayment of the Note recorded in the records of the County in which the Property is located.
Lease and Lease Date: The lease entered into by Landlord and Tenant dated as of _____, 2015 covering the Premises.
Property: 12130 Millennium Drive Playa Vista, California 90094 The Property is more particularly described on Exhibit A.

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (the "Agreement") is made by and among Tenant, Landlord, and Beneficiary and affects the Property described in Exhibit A. Certain terms used in this Agreement are defined in the Defined Terms. This Agreement is entered into as of the Execution Date with reference to the following facts:

A. Landlord and Tenant have entered into the Lease covering certain space in the improvements located in and upon the Property (the "Premises").

B. Beneficiary has made or is making the Loan to Landlord evidenced by the Note. The Note is secured, among other documents, by the Deed of Trust.

C. Landlord, Tenant and Beneficiary all wish to subordinate the Lease to the lien of the Deed of Trust.

D. Tenant has requested that Beneficiary agree not to disturb Tenant's rights in the Premises pursuant to the Lease in the event Beneficiary forecloses the Deed of Trust, or acquires the Property pursuant to the trustee's power of sale contained in the Deed of Trust or receives a transfer of the Property by a conveyance in lieu of foreclosure of the Property (collectively, a "Foreclosure Sale") but only if Tenant is not then in default under the Lease beyond the expiration of any applicable notice and cure period set forth in the Lease and Tenant attorns to Beneficiary or a third party purchaser at the Foreclosure Sale (a "Foreclosure Purchaser").

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties agree as follows:

1. Subordination. The Lease and the leasehold estate created by the Lease and all of Tenant's rights under the Lease are and shall remain subordinate to the Deed of Trust and the lien of the Deed of Trust, to all rights of Beneficiary under the Deed of Trust and to all renewals, amendments, modifications and extensions of the Deed of Trust.

2. Acknowledgments by Tenant. Tenant agrees that: (a) Tenant has notice that the Lease and the rent and all other sums due under the Lease have been or are to be assigned to Beneficiary as security for the Loan. In the event that Beneficiary notifies Tenant of a default under the Deed of Trust and requests Tenant to pay its rent and all other sums due under the Lease to Beneficiary, Tenant shall pay such sums directly to Beneficiary or as Beneficiary may otherwise request and Landlord hereby irrevocably authorizes Tenant to comply with Beneficiary's request notwithstanding any contrary instruction by Landlord and agrees that any such payments shall be credited against Tenant's obligations under the Lease. (b) Tenant shall send a copy of any notice or statement under the Lease to Beneficiary which pertains to (i) a change to Tenant's notice address(es), and/or (ii) a default on the part of Landlord under the Lease, at the same time Tenant sends such notice or statement to Landlord. (c) This Agreement satisfies any condition or requirement in the Lease relating to the granting of a nondisturbance agreement.

3. Foreclosure and Sale. In the event of a Foreclosure Sale,

(a) So long as Tenant complies with this Agreement and is not in default under any of the provisions of the Lease beyond the expiration of any applicable notice and cure period set forth in the Lease, the Lease shall continue in full force and effect as a direct lease between Beneficiary and Tenant, and Beneficiary will not disturb the possession of Tenant, subject to this Agreement. To the extent that the Lease is extinguished as a result of a Foreclosure Sale, a new lease shall automatically go into effect upon the same provisions as contained in the Lease between Landlord and Tenant, except as set forth in this Agreement, for the unexpired term of the Lease. Tenant agrees to attorn to and accept Beneficiary as landlord under the Lease and to be bound by and perform all of the obligations imposed by the Lease, or, as the case may be, under the new lease, in the event that the Lease is extinguished by a Foreclosure Sale, and Beneficiary agrees to recognize Tenant as tenant under the Lease, subject to the terms of this Agreement. Upon Beneficiary's acquisition of title to the Property (the date on which acquisition first occurs shall be referred to in this Agreement as the "Transfer Date"), Beneficiary will perform all of the obligations imposed on the Landlord by the Lease except as set forth in this Agreement; provided, however, that Beneficiary shall not be: (i) liable for any act or omission of a prior landlord (including Landlord) except for an express default by such prior landlord (including Landlord) under any repair or maintenance obligation of Landlord set forth in the Lease which is continuing after the Transfer Date, provided that Tenant has reasonably and diligently pursued all of its available remedies against any such prior landlord (including Landlord) (except that Tenant shall have no obligation hereunder to file a lawsuit or pursue any litigation-based remedies against any such prior landlord), Beneficiary has received actual written notice (in accordance with Paragraph 7 below) of any such repair or maintenance default prior to the Transfer Date and only after the expiration of any applicable cure period provided for in the Lease (which cure period as applied to Beneficiary shall commence no earlier than the Transfer Date), provided, however, that in such event, Beneficiary's liability shall be determined as if such default had first arisen on the day Beneficiary acquired title to the Property; or (ii) subject to any offsets or defenses that Tenant might have against any prior landlord (including Landlord); or (iii) bound by any rent or additional rent which Tenant might have paid in advance to any prior landlord (including Landlord) for a period in excess of one month or by any security deposit, cleaning deposit or other sum that Tenant may have paid in advance to any prior landlord (including Landlord) unless such sum or deposit was transferred to and actually received by Beneficiary; or (iv) bound by any amendment or modification of the Lease which has the effect of decreasing or otherwise modifying the rent due under the Lease, modifying the term of the Lease (except for an amendment to memorialize an extension of the term of the Lease pursuant to Tenant's exercise of the renewal option as set forth in Addendum One to the Lease, but only to the extent that any such amendment actually serves to memorialize the exercise of the renewal option by Tenant, such as setting forth the extension of the term and the rent applicable to such extension, and not with respect to any other matters set forth in any such amendment) or otherwise modifying or otherwise affecting the economic obligations under the Lease (except

for an amendment to memorialize the addition of the Offered Space (as such term is defined in Addendum Two to the Lease) to the Premises pursuant to Tenant's exercise of the right of first refusal as set forth in Addendum Two to the Lease, but only to the extent that any such amendment actually serves to memorialize the addition of the Offered Space to the Premises, such as setting forth the addition of the Offered Space and the rent applicable to such Offered Space, and not with respect to any other matters forth in any such amendment), other than to a de minimis extent or increasing the obligations of the Landlord under the Lease or decreasing the obligations of the Tenant under the Lease, other than to a de minimis extent, made after the Execution Date without the written consent of Beneficiary, or any assignment or termination of the Lease made after the Execution Date without the written consent of Beneficiary (except for an assignment that is expressly permitted under the Lease without Landlord's consent as more particularly set forth in Section 11(a) of the Lease and except for any termination right of Tenant that is expressly set forth in the Lease); (v) obligated or liable with respect to any representations, warranties or indemnities contained in the Lease; provided, however, that Beneficiary shall be obligated to indemnify Tenant solely as set forth in Paragraph 3(c)(iii) below; or (vi) liable to Tenant or any other party for any conflict between the provisions of the Lease and the provisions of any other lease affecting the Property which is not entered into by Beneficiary.

(b) Upon the written request of Beneficiary after a Foreclosure Sale, the parties shall execute a lease of the Premises upon the same provisions as contained in the Lease between Landlord and Tenant, except as set forth in this Agreement, for the unexpired term of the Lease.

(c) Notwithstanding any provisions of the Lease to the contrary, from and after the date that Beneficiary acquires title to the Property as a result of a Foreclosure Sale, (i) Beneficiary will not be obligated to expend any monies to restore casualty damage in excess of available insurance proceeds; provided, however, that Tenant shall retain all of its rights to terminate the Lease under Section 9(b) of the Lease in the event of a casualty; (ii) tenant shall not have the right to make repairs and deduct the cost of such repairs from the rent without a judicial determination that Beneficiary is in default of its obligations under the Lease; (iii) in no event will Beneficiary be obligated to indemnify Tenant, except where Beneficiary is in breach of its obligations under the Lease or where Beneficiary has been actively negligent in the performance of its obligations as landlord; and (iv) other than determination of fair market value and determinations as to whether consent has been unreasonably withheld pursuant to Section 11(d) of the Lease, no disputes under the Lease shall be subject to arbitration unless Beneficiary and Tenant agree to submit a particular dispute to arbitration.

4. Subordination and Release of Purchase Options. Tenant represents that it has no right or option of any nature to purchase the Property or any portion of the Property or any interest in the Landlord. To the extent Tenant has or acquires any such right or option, these rights or options are acknowledged to be subject and subordinate to the Deed of Trust and are waived and released as to Beneficiary and any Foreclosure Purchaser.

5. Acknowledgment by Landlord. In the event of a default under the Deed of Trust, at the election of Beneficiary, Tenant shall and is directed to pay all rent and all other sums due under the Lease to Beneficiary in accordance with Paragraph 2 above.

6. Construction of Improvements. Beneficiary shall not have any obligation or incur any liability with respect to the completion of tenant improvements for the Premises, except with respect to, subject to the provisions of Paragraph 3(c)(i) of this Agreement, the performance of any restoration in the event of a casualty which Landlord is expressly obligated to perform pursuant to Article 9 of the Lease, but only in the event that Beneficiary acquires title to the Property.

7. Notice. All notices under this Agreement shall be deemed to have been properly given if delivered by overnight courier service or mailed by United States certified mail, with return receipt requested, postage prepaid to the party receiving the notice at its address set forth in the Defined Terms (or at such other address as shall be given in writing by such party to the other parties) and shall be deemed complete upon receipt or refusal of delivery.

8. Miscellaneous. Beneficiary shall not be subject to any provision of the Lease that is inconsistent with this Agreement. Nothing contained in this Agreement shall be construed to derogate from or in any way impair or affect the lien or the provisions of the Deed of Trust. This Agreement shall be governed by and construed in accordance with the laws of the State of in which the Property is located.

9. Liability and Successors and Assigns. In the event that Beneficiary acquires title to the Premises or the Property, Beneficiary shall have no obligation nor incur any liability in an amount in excess of $5,000,000 and Tenant's recourse against Beneficiary shall in no extent exceed the amount of $5,000,000. This Agreement shall run with the land and shall inure to the benefit of the parties and, their respective successors and permitted assigns including a Foreclosure Purchaser. If a Foreclosure Purchaser acquires the Property or if Beneficiary assigns or transfers its interest in the Note and Deed of Trust or the Property, all obligations and liabilities of Beneficiary under this Agreement shall terminate and be the responsibility of the Foreclosure Purchaser or other party to whom Beneficiary's interest is assigned or transferred; provided, however, that with respect to any obligations and liabilities of Beneficiary which accrue during any period in which Beneficiary holds title to the Property, only those obligations and liabilities of Beneficiary under this Agreement which arise after such assignment or transfer of the Property by Beneficiary shall terminate and be the responsibility of the party to whom Beneficiary's interest in the Property is assigned or transferred. The interest of Tenant under this Agreement may not be assigned or transferred except in connection with an assignment of its interest in the Lease which has been consented to by Beneficiary.

10. OFAC Provisions. Tenant and Beneficiary hereby represent, warrant and covenant to each other, either that (i) it is regulated by the SEC, FINRA or the Federal Reserve (a "Regulated Entity"), or is a wholly-owned subsidiary or affiliate of a Regulated Entity or (ii) neither it nor any person or entity that directly or indirectly (a) controls it or (b) has an ownership interest in it of twenty-five percent (25%) or more, appears on the list of Specially Designated Nationals and Blocked Persons ("OFAC List") published by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury.

[***SIGNATURE PAGES FOLLOW***]

IN WITNESS WHEREOF, the parties have executed this Subordination, Nondisturbance and Attornment Agreement as of the Execution Date.

IT IS RECOMMENDED THAT THE PARTIES CONSULT WITH THEIR ATTORNEYS PRIOR TO THE EXECUTION OF THIS SUBORDINATION, NONDISTURBANCE AND ATTORNM ENT AGREEMENT.

BENEFICIARY:

METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation

By _____

Its _____

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF_____)

On _____ before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing Paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

TENANT:

THE HONEST COMPANY, INC.,
a Delaware corporation

By _____

Its _____

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF_____)

On _____ before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing Paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

LANDLORD:

CV LATITUDE 34, LLC,
a Delaware limited liability company

By: CLARIONVALUE, LLC,
Its: Sole Member

By: CLARION PARTNERS, LLC,
Its: Manager

By _____

Its _____

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF_____)

On _____ before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing Paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

PROPERTY DESCRIPTION

PARCEL 1

LOTS 2 AND 30 OF TRACT NO. 49104-04, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP FILED IN BOOK 1236 PAGES 41 TO 55 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COMP, RECORDER Of SAID COUNTY.

PARCEL 2:

PARCEL A, AS SHOWN ON CERTIFICATE OF COMPLIANCE AS EVIDENCED BY DOCUMENT RECORDED JUNE 05, 2013 AS INSTRUMENT NO. 2013-840625 OF OFFICIAL RECORDS. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PORTIONS OF LOTS 4, 5, 6 AND 7 OF TRACT NO. 52092, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP FILED IN BOOK 1236, PAGES 56 THROUGH 63, INCLUSIVE. OF MAPS, RECORDS OF SAID COUNTY EXCEPTING —THEREFROM THAT PORTION OF SAID LOT 41 LYING NORTHEASTERLY OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF LOT 7 OF SAID TRACT NO 52092 ALSO EXCEPTING THEREFROM THOSE PORTIONS OF SAID LOTS 5, 6 AND 7 LYING SOUTHEASTERLY OF THE FOLLOWING DESCRIBED LINE

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF SAID LOT 5, DISTANT THEREON SOUTH 27” 44’ 00’ EAST 31.45 FEET FROM THE MOST SOUTHERLY CORNER OF LOT 4 OF SAID TRACT NO. 52092:

THENCE NORTH 88” 51’ 23” EAST 11.18 FEET TO A LINE WHICH BEARS NORTH 62’ 17’ 52” EAST AND WHICH PASSES THROUGH A POINT ON SAID SOUTHWESTERLY LINE OF LOT 5

DISTANT THEREON SOUTH 21’ 44 00” EAST 36.45 FEET FROM SAID MOST SOUTHERLY CORNER OF LOT 4, THE NCF NORTH 62’ 17’ 52’ EAST 661.19 FEET TO THE NORTHEASTERLY
LINE OF LOT 7 OF SAID TRACT NO. 52092

PARCEL 3:

EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS WITH RESPECT TO PORTIONS OF LOTS 27 AND 29 OF TRACT NO. 49104-4 AS PROVIDED IN THAT CERTAIN EASEMENT AGREEMENT (ACCESS) PARCELS IV AND V) DATED JUNE 08, 2006 BY PLAYA PHASE I COMMERCIAL LAND COMPANY, LLC, IN FAVOR OF LINCOLN ASB PLAYA VISTA, LLC, WHICH WAS RECORDED ON JUNE 08, 2006 AS INSTRUMENT NO. 06.1258448 AND AMENDED RECORDED FEBRUARY 08, 2007 AS INSTRUMENT NO 2070276032, OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA

PARCEL 4

EASEMENTS FOR VEHICULAR AND PEDESTRIAN TRAFFIC OVER PRIVATE STREETS AND WALKWAYS, MAINTENANCE AND REPAIR OF UTILITY SERVICES, DRAINAGE Of WATER, ACCESS TO PERFORM NECESSARY MAINTENANCE AND REPAIR OF IMPROVEMENTS, MINOR ENCROACHMENTS, ENVIRONMENTAL MEDIATION, ACCESS TO METHANE MONITORING EQUIPMENT AND OTHER EASEMENTS AS PROVIDED IN THAT CERTAIN AMENDED AND RESTATED DECLARATION OF COVENANTS, , CONDITIONS, RESTRICTIONS AND RESERVATIONS OF EASEMENTS FOR THE CAMPUS AT PLAYA VISTA, WHICH WAS RECORDED ON JUNE 08. 2006 AS INSTRUMENT NO, 06-1258435 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

EXCEPTING THERE FROM THOSE PORTIONS OF MILLENIUM LYING SOUTHWESTERLY OF THE NORTH EASTERLY LINE OF CAMPUS CENTER DRIVE, ALSO SO EXCEPTING ANY PORTIONS LYING

WITHIN CAMPUS CENTER DRIVE, BLUFF CREEK DRIVE AND WEST LAWN AVENUE.

PARCEL 5

EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS WITH RESPECT TO PORTIONS OF MILLENNIUM ROAD AS PROVIDED IN THAT CERTAIN EASEMENT AGREEMENT (ACCESS) (PARCEL IV AND V) BY PLAYA PHASE I COMMERCIAL LAND COMPANY, IN FAVOR OF LINCOLN ASB PLAYA VISTA LLC, WHICH WAS RECORDED ON JUNE 08, 2006 AS INSTRUMENT NO 06-1258449 OF OFFICIAL RECORDS OF LOS ANGELES CALIFORNIA.

PARCEL 6.

EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS AND FIRE LANE PURPOSES WITH RESPECT TO PORTIONS OF CERTAIN PROPERTY MORE PARTICULARLY DESCRIBED IN THAT CERTAIN EASEMENT AGREEMENT (COMMON DRIVEWAY) (PARCEL IV AND V) BY PLAYA PHASE 1 COMMERCIAL LAND COMPANY, LLC, AND LINCOLN ASB PLAYA VISTA LLC, WHICH WAS RECORDED ON JUNE 08, 2006 AS INSTRUMENT NO 06-1258450 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA

PARCEL 7

EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS AND FIRE LANE PURPOSES WITH RESPECT TO PORTIONS OF CERTAIN PROPERTY MORE PARTICULARLY DESCRIBED IN TCHAT CERTAIN EASEMENT AGREEMENT (COMMON DRIVEWAY) (PARCELS I AND II) BY PLAYA PHASE I COMMERCIAL LAND COMPANY, LLC AND LINCOLN ASB PLAYA VISTA LLC. WHICH WAS RECORDED ON JUNE 08, 2006 AS INSTRUMENT NO 06-12584140, OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

PARCEL 8:

EASEMENTS WITH RESPECT TO PORTIONS OF CERTAIN PROPERTY AND FOR THOSE PURPOSES AS MORE PARTICULARLY DESCRIBED

IN THAT CERTAIN “DECLARATION OF COVENANTS. CONDITIONS AND RESTRICTIONS FOR HORIZON AT PLAYA VISTA” BY LINCOLN ASB PLAYA V STA PHASE I. LLC AND LINCOLN ASB PLAYA VISTA, LLC WHICH WAS RECORDED ON SEPTEMBER 2, 2008 AS INSTRUMENT NO. 20081576067 AND AS AMENDED BY THAT CERTAIN “AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HORIZON AT PLAYA VISTA” RECORDED OCTOBER 31, 2008 AS INSTRUMENT NO 20081936205
OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA
AS FURTHER AMENDED BY THAT CERTAIN SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HORIZON AT PLAYA VISTA RECORDED FEBRUARY 1, 2011 AS INSTRUMENT NO. 20110171572
THIS DESCRIPTION WILL BE DELETED FROM THE POLICY PROVIDED A PROPER FORM OF TERMINATION IS RECORDED PRIOR TO OR AT THE TIME OF CLOSING,
PARCEL 9:
EASEMENTS FOR UNDERGROUND ELECTRIC POWER AND TELEPHONE LINES AS DISCLOSED BY EASEMENT COVENANT FOR PUBLIC UTILITY PURPOSES MORE PARTICULARLY DESCRIBED IN DOCUMENT RECORDED OCTOBER 9, 2008 AS INSTRUMENT NO. 20081812888 OF OFFICIAL RECORDS.
APN #
4211-010.041 (Affects LOT 2 of Parcel 1)
4211.010-053 (Affects Lot 30 of Parcel 1.)
4211-010-111 (Affects Parcel 2)

EXHIBIT G
FORM LETTER OF CREDIT
[BANK]

(*CITY NATIONAL BANK LETTERHEAD*)

ISSUE DATE: _____

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER: _____

BENEFICIARY: CV LATITUDE 34 LLC
C/O CLARION PARTNERS
601 SOUTH FIGUEROA STREET, 34TH FLOOR
LOS ANGELES, CALIFORNIA 90017
ATTN: ASSET MANAGER

APPLICANT: THE HONEST COMPANY, INC.
2700 PENNSYLVANNIA AVENUE, SUITE 1200
SANTA MONICA, CALIFORNIA 90404
ATTN: GENERAL COUNSEL

AMOUNT: USD _____ (_____DOLLARS)

EXPIRY DATE AND PLACE: AT CITY NATIONAL BANK, INTERNATIONAL DEPT., 555 SOUTH FLOWER STREET, 24TH FLOOR LOS ANGELES, CA 90071

LADIES/GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT, EFFECTIVE IMMEDIATELY, IN FAVOR OF THE ABOVE NAMED BENEFICIARY AVAILABLE BY PAYMENT OF YOUR DRAFT(S) AT SIGHT IN THE FORM ATTACHED HERETO AS EXHIBIT 1 WITH APPROPRIATE INSERTIONS AND ACCOMPANIED BY DOCUMENTS AS SPECIFIED BELOW:

1. THIS ORIGINAL STANDBY LETTER OF CREDIT, AND AMENDMENT(S), IF ANY.

2. BENEFICIARY'S SIGNED AND DATED STATEMENT WORDED AS FOLLOWS:

> "THE UNDERSIGNED, AN AUTHORIZED OFFICER OF CV LATITUDE 34 LLC, (HEREINAFTER REFERRED TO AS 'LANDLORD') HEREBY REQUESTS PAYMENT OF (INSERT AMOUNT OF SIGHT DRAFT) PURSUANT TO CITY NATIONAL BANK LETTER OF CREDIT NUMBER (LC NUMBER) DATED (DATE OF LC).
>
> IN CONNECTION WITH SUCH REQUEST, THE LANDLORD HEREBY CERTIFIES THAT TENANT HAS NOT COMPLIED WITH THE TERMS AND CONDITIONS OF THAT CERTAIN LEASE DATED (INSERT DATE) 2015, ENTERED INTO BY AND BETEWEEN LANDLORD AND THE HONEST COMPANY, INC., AS TENANT.

CV LATITUDE 34, LLC

BY: _____
(SIGNATURE)

NAME: _____
(PRINTED NAME)

TITLE: _____

SPECIAL CONDITIONS:

1. PARTIAL DRAWINGS ARE ALLOWED. IF YOUR DEMAND REPRESENTS A PARTIAL DRAW, WE WILL ENDORSE THE ORIGINAL LETTER OF CREDIT OF SUCH PAID PARTIAL DRAW AND RETURN THE ORIGINAL LETTER OF CREDIT TO YOU FOR ANY FUTURE DRAWS. DRAWINGS PAID BY US UNDER THIS LETTER OF CREDIT WILL AUTOMATICALLY DECREASE THE AVAILABLE AMOUNT OF THIS LETTER OF CREDIT.

2. MULTIPLE PRESENTATIONS ARE ALLOWED.

3, IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR AN ADDITIONAL PERIOD OF ONE (1) YEAR FROM THE EXPIRY DATE HEREOF OR ANY FUTURE EXPIRY DATE, UNLESS AT LEAST THIRTY (30) DAYS PRIOR TO ANY EXPIRATION DATE, WE SHALL NOTIFY THE BENEFICIARY BY OVERNIGHT COURIER SERVICE AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD. IN NO EVENT SHALL THIS LETTER OF CREDIT BE EXTENDED BEYOND _____, THE FINAL EXPIRATION DATE.

4. UPON CITY NATIONAL BANK'S RECEIPT OF BENEFICIARY'S ORIGINAL WRITTEN CONSENT TO AN AMENDMENT ISSUED BY CITY NATIONAL BANK AT THE REQUEST OF THE APPLICANT REDUCING THE LETTER OF CREDIT AMOUNT, THE LETTER OF CREDIT AMOUNT WILL BE REDUCED.

5. THIS LETTER OF CREDIT IS TRANSFERABLE IN ITS ENTIRETY BY THE BENEFICIARY. TRANSFER OF THIS LETTER OF CREDIT IS SUBJECT TO CITY NATIONAL BANK'S RECEIPT OF AND AGREEMENT TO THE BENEFICIARY'S INSTRUCTIONS IN THE FORM ATTACHED HERETO AS EXHIBIT 'A', ACCOMPANIED BY THE ORIGINAL OF THIS LETTER OF CREDIT AND AMENDMENT(S, IF ANY. SUCH TRANSFER REQUEST BY THE BENEFICIARY SHALL BE EFFECTIVE BY CITY NATIONAL BANK'S ENDORSEMENT OF THE TRANSFER ON THE ORIGINAL LETTER OF CREDIT AND ITS DELIVERY BY US TO THE TRANSFEREE. TRANSFER FEES ARE FOR ACCOUNT OF THE APPLICANT FOR THE FIRST TRANSFER AND ANY SUBSEQUENT TRANSFERS ARE FOR ACCOUNT OF THE BENEFICIARY. OUR CURRENT TRANSFER FEES ARE ¼ OF THE TRANSFERRED AMOUNT WITH A MINIMUM OF $300.00 PLUS $35.00 COURIER.

WE HEREBY AGREE WITH YOU THAT IF DRAWING DOCUMENTS, INCLUDING THE SIGHT DRAFT, ARE PRESENTED TO CITY NATIONAL BANK, AT THE BELOW ADDRESS IN LOS ANGELES AND PROVIDED THAT SUCH DRAWING DOCUMENTS PRESENTED CONFORM WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE MADE BY CITY NATIONAL BANK IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE OUR CLOSE OF BUSINESS ON THE 3RD BUSINESS DAY AFTER PRESENTMENT. AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF CALIFORNIA ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE.

CITY NATIONAL BANK WILL HONOR THIS LETTER OF CREDIT WITHOUT INQUIRY AS TO THE ACCURACY, GENUINENESS OR EFFECT OF ANY DOCUMENT PRESENTED UNDER THIS LETTER OF CREDIT FOR A DRAW REQUEST, THE AUTHORITY OF THE INDIVIDUAL SIGNING THE DRAW REQUEST, AND REGARDLESS OF WHETHER APPLICANT DISPUTES THE CONTENT OF THE DRAW REQUEST.

THE OBLIGATION OF CITY NATIONAL BANK UNDER THIS LETTER OF CREDIT IS THE INDIVIDUAL OBLIGATION OF CITY NATIONAL BANK AND IS IN NO WAY CONTINGENT UPON REIMBURSEMENT WITH RESPECT THERETO

DRAWING DOCUMENTS, INCLUDING THE SIGHT DRAFT, MAY BE PRESENTED TO CITY NATIONAL BANK FOR PAYMENT AT THE BELOW STATED LOS ANGELES ADDRESS BY HAND, OVERNIGHT COURIER SERVICE OR REGISTERED MAIL WITH RETURN RECEIPT REQUESTED.

THIS LETTER OF CREDIT SETS FORTH IN FULL OUR UNDERTAKING AND SUCH UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED, AMENDED, AMPLIFIED OR LIMITED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT REFERRED TO HEREIN; AND ANY SUCH REFERENCE SHALL BE LIMITED TO THE MATTER REFERRED TO AND SHALL NOT BE DEEMED TO INCORPORATE HEREIN BY REFERENCE ANY SUCH DOCUMENT, INSTRUMENT OR AGREEMENT.

WE HEREBY ENGAGE WITH YOU THAT ALL SIGHT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED IF PRESENTED FOR PAYMENT AT THE OFFICE OF CITY NATIONAL BANK, INTERNATIONAL DEPARTMENT, 555 SOUTH FLOWER STREET, 24" FLOOR, LOS ANGELES, CALIFORNIA 90071 ON OR BEFORE THE EXPIRATION DATE OF THIS LETTER OF CREDIT.

THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES 1998 ("ISP98"), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 AND TO THE EXTENT NOT INCONSISTENT WITH THE ISP98, ARTICLE 5 OF THE UNIFORM COMMERCIAL CODE OF THE STATE OF CALIFORNIA.

SHOULD YOU HAVE OCCASION TO COMMUNICATE WITH US REGARDING THIS LETTER OF CREDIT, KINDLY DIRECT YOUR COMMUNICATION TO THE ATTENTION OF OUR STANDBY LETTER OF CREDIT DEPARTMENT AT THE ABOVE ADDRESS OR PHONE (213) 673-8640, MAKING SPECIFIC REFERENCE TO OUR LETTER OF CREDIT NUMBER (LC NUMBER).

SINCERELY,

THIS EXHIBIT 1 IS AN INTEGRAL PART OF IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

SIGHT DRAFT

DATED: _____

TO: CITY NATIONAL BANK
555 SOUTH FLOWER STREET, 24" FLOOR
LOS ANGELES, CALIFORNIA 90071
ATTN: INTERNATIONAL DEPARTMENT

AT SIGHT, PAY TO THE ORDER OF: _____

THE SUM OF _____ U.S. DOLLARS

(USD_____)

DRAWN UNDER LETTER OF CREDIT NO. (LC NUMBER) OF CITY NATIONAL BANK, LOS ANGELES, CALIFORNIA.

(INSERT NAME OF BENEFICIARY;

BY: _____
(SIGNATURE)
NAME: _____
(PRINTED NAME)
TITLE: _____

PAYMENT OF THE AMOUNT SPECIFIED IN THIS DRAFT SHOULD BE MADE BY WIRE TRANSFER TO THE ACCOUNT OF BENEFICIARY AT:

NAME OF BANK: _____ *WITH ABA NUMBER:* _____

ACCOUNT NAME OF BENEFICIARY: _____

ACCOUNT NUMBER OF BENEFICIARY: _____

EXHIBIT 'A'

THIS EXHIBIT IS AN INTEGRAL PART OF CITY NATIONAL BANK IRREVOCABLE STANDBY LETTER OF CREDIT NO.

TRANSFER INSTRUCTIONS FORM

TO:
City National Bank
International Department
555 South Flower Street, 24th Floor
Los Angeles, California 90071

DATE:

RE: City National Bank Letter of Credit No. Dated

Ladies/Gentlemen:
For value received, the undersigned beneficiary hereby irrevocably transfers to:

(Name of Transferee)

(Address of Transferee)

all rights of the undersigned beneficiary to draw under the above-referenced Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The original of the Letter of Credit is returned herewith together with any and all amendments, and we ask you to endorse the transfer on the reverse of the Letter of Credit, and forward it direct to the transferee with your customary notice of transfer.

Beneficiary name:
Authorized Signature:
Name of signer:
Title of signer:

Signature Guaranteed** The beneficiary's signature with title conforms with that on file with us and as such is authorized for the execution of this document.
Name of Bank:
Authorized Signature:
Name of signer:
Title of signer:
Telephone number:

**In lieu of a signature guaranty, Beneficiary may provide an incumbency certificate.

EXHIBIT H
LANDLORD'S WORK

Landlord shall take such action as shall be required, at Landlord's sole cost and expense, to have constructed, and to have caused the "base building" of the Building to be structurally sound, in compliance with Law, substantially completed and in good working order and in the condition required by this Exhibit H (collectively, the "Base Building Condition") on the date that is ninety (90) days following mutual execution of this Lease by Landlord and Tenant (the "Delivery Date"), except as provided below. The Base Building Condition shall have been constructed in a good and workmanlike manner, be in good condition and working order and repair and, subject to the terms of Paragraph 4(b) regarding the Initial Space Plan and Tenant's responsibilities arising from an occupancy (or deemed occupancy level) in excess of five (5) persons per 1,000 rentable square feet, in compliance with applicable Laws to allow Tenant, subject to Tenant's construction of the Tenant Improvements in accordance with applicable Laws, to obtain a certificate of occupancy, temporary certificate of occupancy, or its equivalent allowing the legal occupancy of the Premises for the general office space, including without limitation, any work triggered by Tenant's occupancy of the Premises for general office use or general office Tenant Improvements. Notwithstanding anything herein to the contrary, as set forth Paragraph 4(b), Tenant is solely responsible for all costs associated with or arising from the amount of occupants (or deemed occupants per Laws) located on each floor of the Premises to the extent such costs result from an occupancy (or deemed occupancy) in excess of five (5) persons per 1,000 rentable square feet, including without limitation, those required by applicable Laws including ingress/egress requirements (whether such exiting requirements arise within the Premises or outside the Premises) except for item (xi) under this Exhibit H which shall be Landlord's responsibility, restroom upgrades (including, but not limited to, additional fixtures), and any other upgrades or modifications made to the Building, Common Areas and base building systems (e.g., HVAC). In no event does Landlord make any representation or warranty with respect to the suitability of the Initial Space Plan or if such Initial Space Plan complies with applicable Laws. Additionally, Landlord shall provide the following items (i), (ii), (iii), (iv), (v), (ix) and (x) by the Delivery Date and the remaining items (other than item (xi) as noted below) by the Commencement Date:

(i) the main HVAC distribution loop (and secondary loop if it is a dual duct system) is in proper working order;

(ii) the fire sprinkler system fully operational per code for vacant space;

(iii) the floors level within industry standards suitable for installation of tenant improvements and furniture systems;

(iv) as of the date that the Tenant Improvements have been Substantially Completed, all Common Areas, including restrooms, and path of travel located on the fourth, fifth and sixth floors of the Building compliant with all applicable codes, including without limitation, the Americans with Disabilities Act, which are in effect as of the Delivery Date of this Lease;

(v) power panels and transformers (fused to current code) and life safety panels operable and ready for distribution of Tenant's lighting, power, and life safety equipment;

(vi) Men's and Women's toilet rooms constructed to satisfy current ADA and Title 24 Building codes, All fixture counts shall meet the latest edition of the Uniform Plumbing Code, including any modifications required by any building inspector (note that the 5th floor women's restroom may not be to code regarding the height of the counter and Landlord shall correct to the same to the extent required by the building inspector);

(vii) Landlord shall be responsible for all code required upgrades to the Common Areas of the Building, unless if such code upgrades are due to the extent such alterations are triggered by non-general office Alterations made by Tenant to the Premises, or non-general office Tenant Improvements, or Tenant's use of the Premises for a non-general office use or due to an occupancy (or deemed occupancy level) in excess of five (5) persons per 1,000 rentable square feet, in which case Tenant shall be responsible for the costs of all such code upgrades (and it shall not deemed to be a Landlord Caused Delay for delays in completing such code upgrades and Tenant shall not be entitled to any delay penalties for delays in completing such code upgrades);

(viii) the exterior Building standard window coverings installed (provided, however, such installation shall not be installed until Substantial Completion of the Tenant Improvements being constructed by Tenant pursuant to Exhibit B hereof);

(ix) for full floors, core walls, the area above and below windows, all in paint ready condition;

(x) install drywall along the curtain walls above and below windows on all floors, around columns on all floors and along the concrete stem wall around roof area on 6th floor; and

(xi) a third means of egress from the fourth (4th) floor. With respect to this item (xi), Landlord shall use commercially reasonable efforts to complete this item by no later than the Egress Completion Date (as defined below), and if Landlord is unable to complete the work in this item (xi) by the Egress Completion Date and as a result thereof Tenant is unable to legally occupy the Premises as of the Commencement Date solely due to the fact that the work in this item (xi) is not completed, then Tenant's sole and exclusive remedy shall be a deferral of the Commencement Date (and a corresponding deferral of the Expiration Date) on a day for day basis for each day following the Egress Completion Date until the work in this item (xi) is completed. In no event shall Tenant be entitled to any other remedy, damages, rent abatement or termination right due to any delay in completion of the work described in this item (xi). As used herein the term "Egress Completion Date" shall mean February 15, 2016; provided, however, such date shall be deferred on a day for day basis for any Tenant Delays and Force Majeure Delays.

Notwithstanding the foregoing provisions of this subparagraph (g), Landlord agrees that if Tenant notifies Landlord in writing within three hundred sixty-five (365) days following the Effective Date of this Lease (the "365 Day Period") of any latent defects in the Base Building Condition discovered by Tenant (and not caused by Tenant, its employees, agents, contractors or business invitees), which materially affect the use, occupancy or aesthetic appearance of the Premises or cause any increased cost to Tenant ("Material Latent Defects"), then Landlord, at its sole expense, shall repair such Material Latent Defects within thirty (30) days after receipt of such notice from Tenant, provided that if more than thirty (30) days is needed to adequately repair such Material Latent Defect, then as long as Landlord diligently proceeds with such repairs, Landlord shall have such additional time as is necessary to complete such repairs. Tenant covenants to Landlord that it shall notify Landlord promptly of Tenant's or its agents, representatives or contractor's discovery of any Material Latent Defects in the Base Building Condition, and hereby agrees that it will waive any claims for damages against Landlord due to such Material Latent Defects if Tenant does not timely and within the 365 Day Period notify Landlord of the same.

In the event Landlord fails to complete its obligations under this Exhibit H, then Tenant's self-help rights in Paragraph 17(b) shall be applicable provided that Tenant complies with all requirements in connection with such self-help rights, including, without limitation, the notice requirements set forth therein.

EXHIBIT I
Dog Visitation Policy

Dog Visit Policy

Bringing a dog to work is a privilege and requires complete responsibility on the part of the person bringing the dog to work (each, an "Owner"). Owners must recognize that (I) not all employees and/or visitors and/or other occupants of the Project appreciate dogs in the office, and (2) certain employees and or visitors and/or other occupants of the Project may have intolerance to dogs, such as allergy, fear of, or phobia. This policy does not apply to the use of service animals at work, and appropriate arrangements will be determined in such cases. Owners are required to follow these rules when bringing a dog to the Project and such other rules as may be implemented by Landlord and/or Tenant from time to time.

Prerequisites for a Dog to be at the Project

• Properly licensed and vaccinated with proof of such license and vaccination available upon request.

• Free from contagious illness and internal and external parasites including fleas.

• Exhibits appropriate office behavior: Walks beside you on a leash; reliably housebroken; remains calm when left alone; well socialized to people, places, sounds, and objects; enjoys being around people.

• Does not Exhibit inappropriate office behavior (including but not limited to): aggression, growling, barking, chasing, biting, nipping, over-exuberance, dominance, territorialism, running away, having accidents (i.e., urinating indoors), chewing or damaging office furniture or equipment, whining, howling, or otherwise interfering with an employee's ability to do their work. In appropriate office behavior by a dog will result in the animal no longer being allowed in the Building as reasonably determined by Landlord.

• Dogs must be washed regularly.

Dog Boundaries at Work

• Dogs must be on a leash or confined to a crate while entering and leaving the Project and may not be left alone in any Common Area.

• Dogs must not be in or near the employee cafeteria, break rooms, bathrooms, or conference rooms.

• Dogs must be taken to relieve themselves in the designated fenced area only and shall not relieve themselves in any other area in the Project. If a dog relieves itself in any other areas in the Project other than the area designated by Landlord, then Tenant shall immediately notify property management in order for property management to clean the areas affected. In such case Tenant shall pay all charges associated with cleaning and removing any waste generated by such dogs.

• In no event shall Tenant or its employees collectively bring at any one time to the Project more than the lesser of (i) one (1) dog per 12,000 square feet of Rentable Area then leased by Tenant or (ii) seven (7) dogs. Any dogs that are brought to the Project must be registered with the property manager and, in connection with such registration, the dog owner shall provide evidence of liability insurance for the dog, vaccination records and any other information reasonably requested by Landlord.

Expectationsof Dog Owners

• Owners must supervise their dogs at all times, or appoint a willing and able watcher.

• Owners must clean up after their dogs and bring supplies such as pet waste bags.

• Owners should maintain adequate liability insurance coverage against dog mishaps and take full responsibility.

EXHIBIT J
MONUMENT SIGNAGE DEPICTION

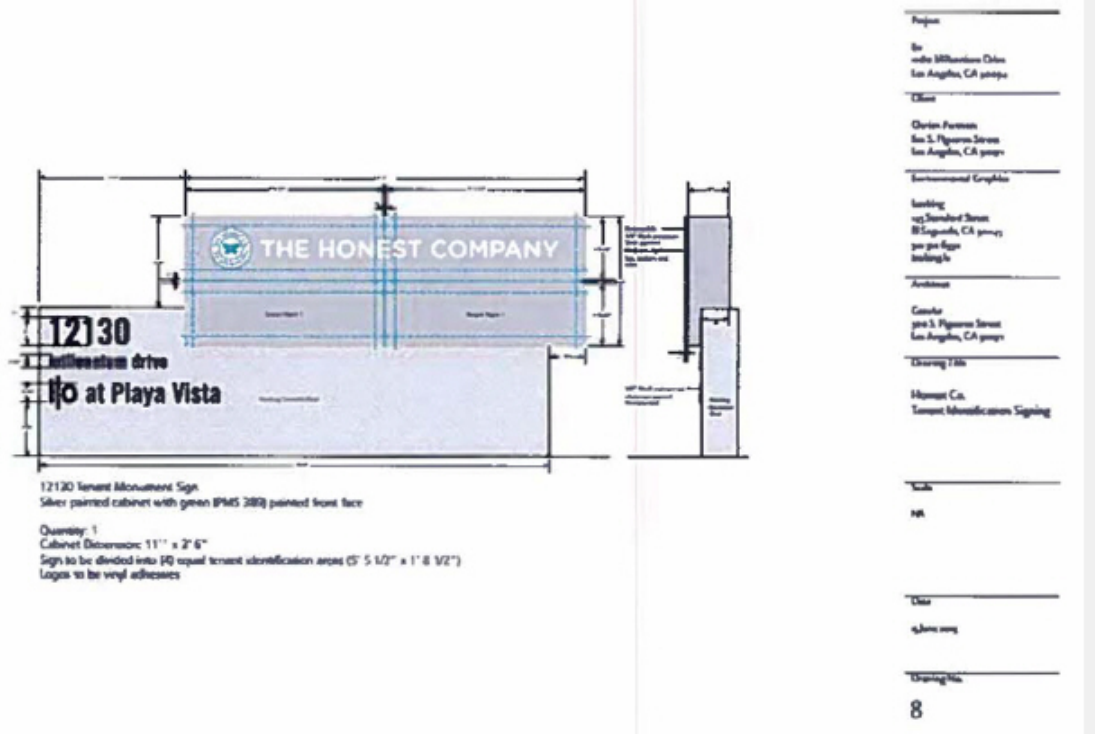


EXHIBIT K

JANITORIAL SPECIFICATIONS

GENERAL CLEANING FOR THE PREMISES

NIGHTLY

General Offices:

1. An hard surfaced flooring to be swept employing dust control techniques.
2. Carpet sweep all carpets, moving only light furniture (desks, file cabinets, etc. not to be moved).
3. Hand dust and wipe clean all furniture, fixtures and window sills to the extent such furniture, fixtures and window sills are clear.
4. Empty all waste receptacles and remove wastepaper. Clean and reline when needed. Remove material to designated areas.
5. Wash and sanitize all Building water fountains and coolers.
6. Sweep all private stairways and uncarpeted floors, employing dust control techniques.
7. Remove recycling material when container is full.
8. Spot clean carpets to remove light spillage. Report large spills and stains to supervisor.
9. Assure all designated locked doors are closed after area has been cleaned.
10. Activate all alarm systems as instructed by occupant (if applicable).
11. Arrange chairs at desk and conference room tables and turn off lights upon existing.
12. Clean conference room tables to the extent such tables are clear.
13. Clean and sweep all lunchroom/eating areas. Wash and wipe tables and counter tops and clean sinks but only to the extent such sinks are clear and empty.
14. Remove scuff marks on floors when needed.
15. Remove all finger marks and smudges from all vertical surfaces, including doors, door frames, around light switches, entry and partition glass.
16. Damp wipe and polish all glass furniture tops.
17. Damp mop hard surface floors and/or uncarpeted surface floors.
18. Dust and wipe clean chair bases and arms, telephones cubicle shelves, window sills, ledges and all other horizontal surfaces as needed to maintain clean appearance.
19. Edge vacuum all carpeted areas, as needed and spot vacuum as needed.

Lavatories:

1. Sweep and wash all floors, using proper disinfectants.
2. Wash and polish all mirrors, shelves, bright work and enameled surfaces.
3. Wash and disinfect all basins, bowls, toilet seats, and urinals.
4. Clean flushometers, piping toilet seat hinges and other metal.
5. Hand dust and damp wipe all partitions, tile walls, dispensers and receptacles in lavatories and restrooms.
6. Empty paper receptacles, fill receptacles and remove wastepaper.
7. Fill toilet tissue holders and sanitary napkin dispensers.
8. Empty and clean sanitary disposal receptacles.
9. Replace trash liners.
10. Damp wipe all walls, partitions, doors and other surfaces, as needed.

AT LEAST TWICE DAILY

1. Building lavatories to be checked, cleaned and stocked, as needed.

WEEKLY

1. Vacuum all carpeting and rugs.
2. Dust all door louvers and other ventilating louvers within a person’s normal reach.
3. Wipe clean all brass and other bright work.
4. Flush water through P-trap to ensure elimination of odor in lavatory.

MONTHLY

1. Dust all pipes, ducts, high moldings and light fixtures.
2. Machine scrub floors in lavatories

AT LEAST 3 TIMES PER YEAR

High dust premises complete including the following:

1. Dust all pictures, frames, charts, graphs and similar wall hangings not reached in nightly cleaning.
2. Dust all vertical surfaces, such as walls, partitions, doors, door frames and other surfaces not reached in nightly cleaning.
3. Dust all venetian blinds.

2 TIMES PER YEAR

1. Wash all exterior windows.

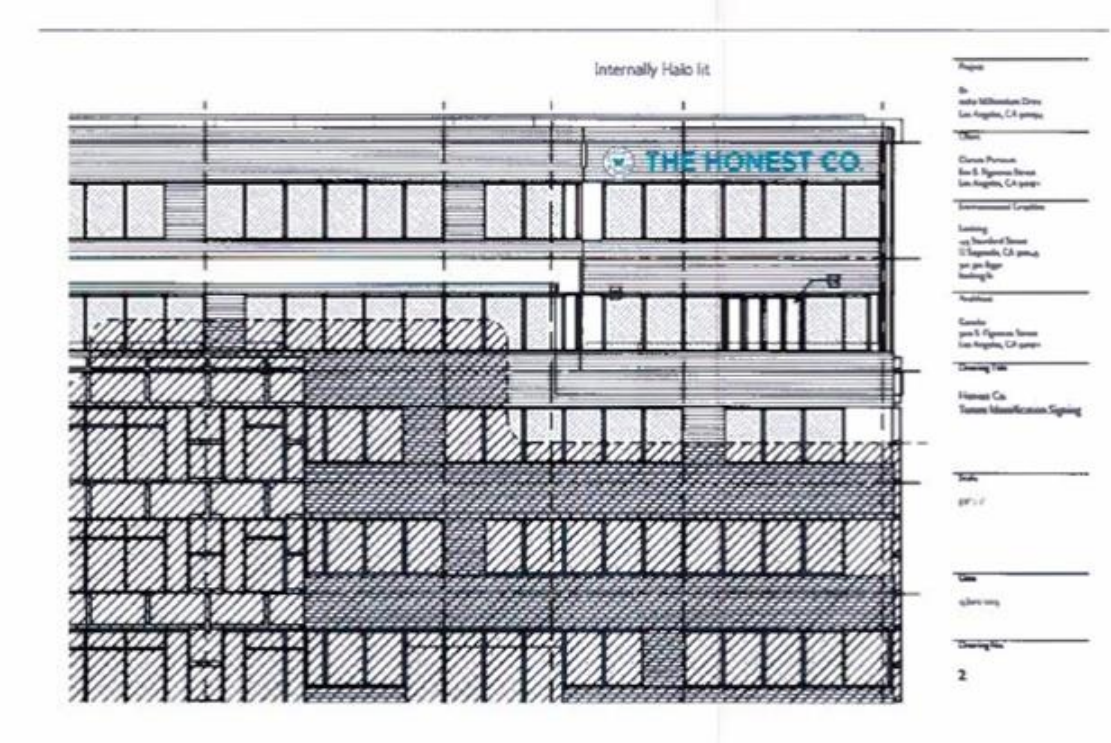
ANNUALLY

1. Wash all interior windows.

OTHER

1. Landlord shall shampoo the carpeted areas of the Common Areas periodically and in a manner that is consistent with landlords of Comparable Buildings.

EXHIBIT L
FASCIA SIGN DEPICTION



3

4

EXHIBIT M
GROUND FLOOR SIGN DEPICTION

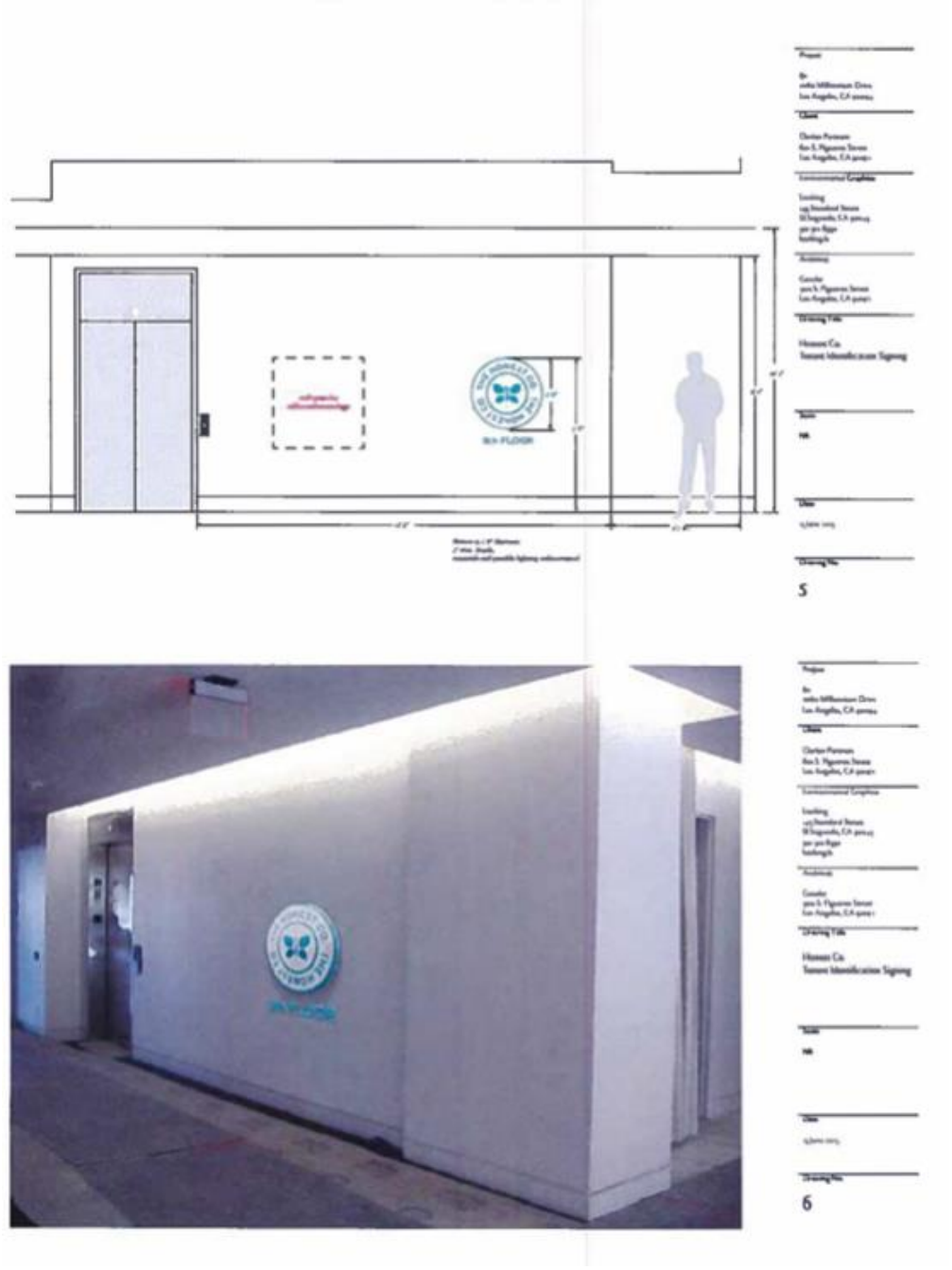
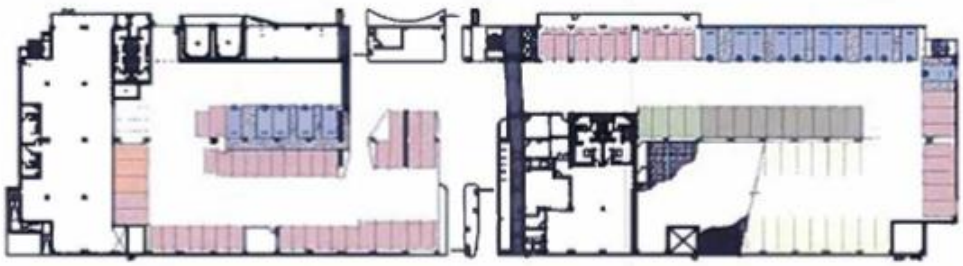
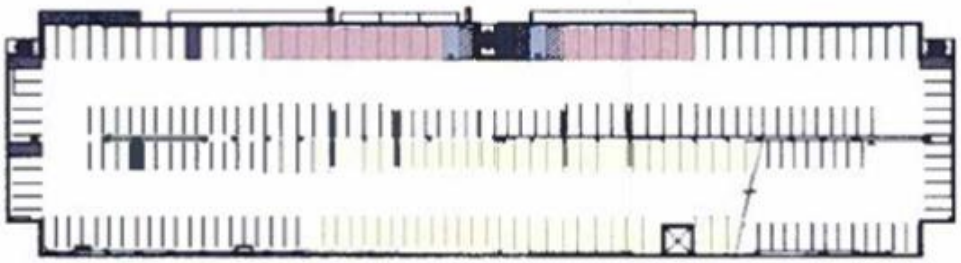


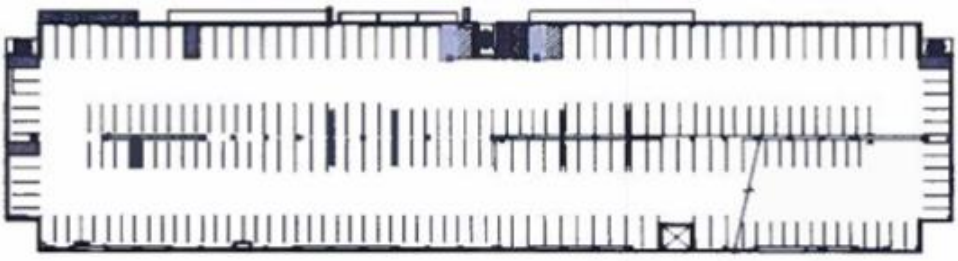
EXHIBIT N
INITIAL LOCATION OF RESERVED SPACES



LEVEL P1



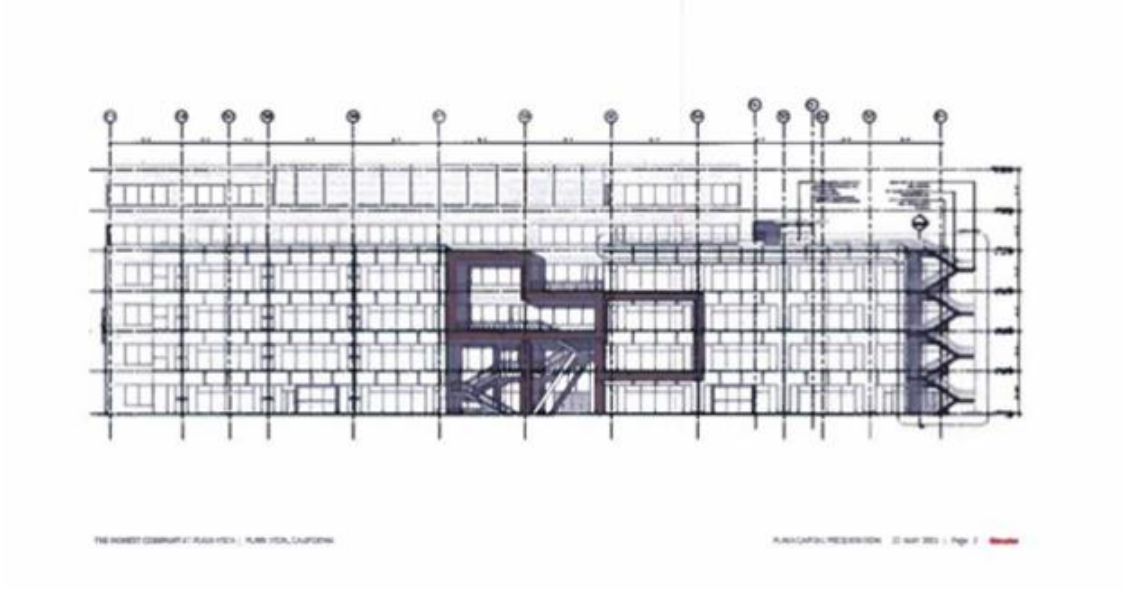
LEVEL P2

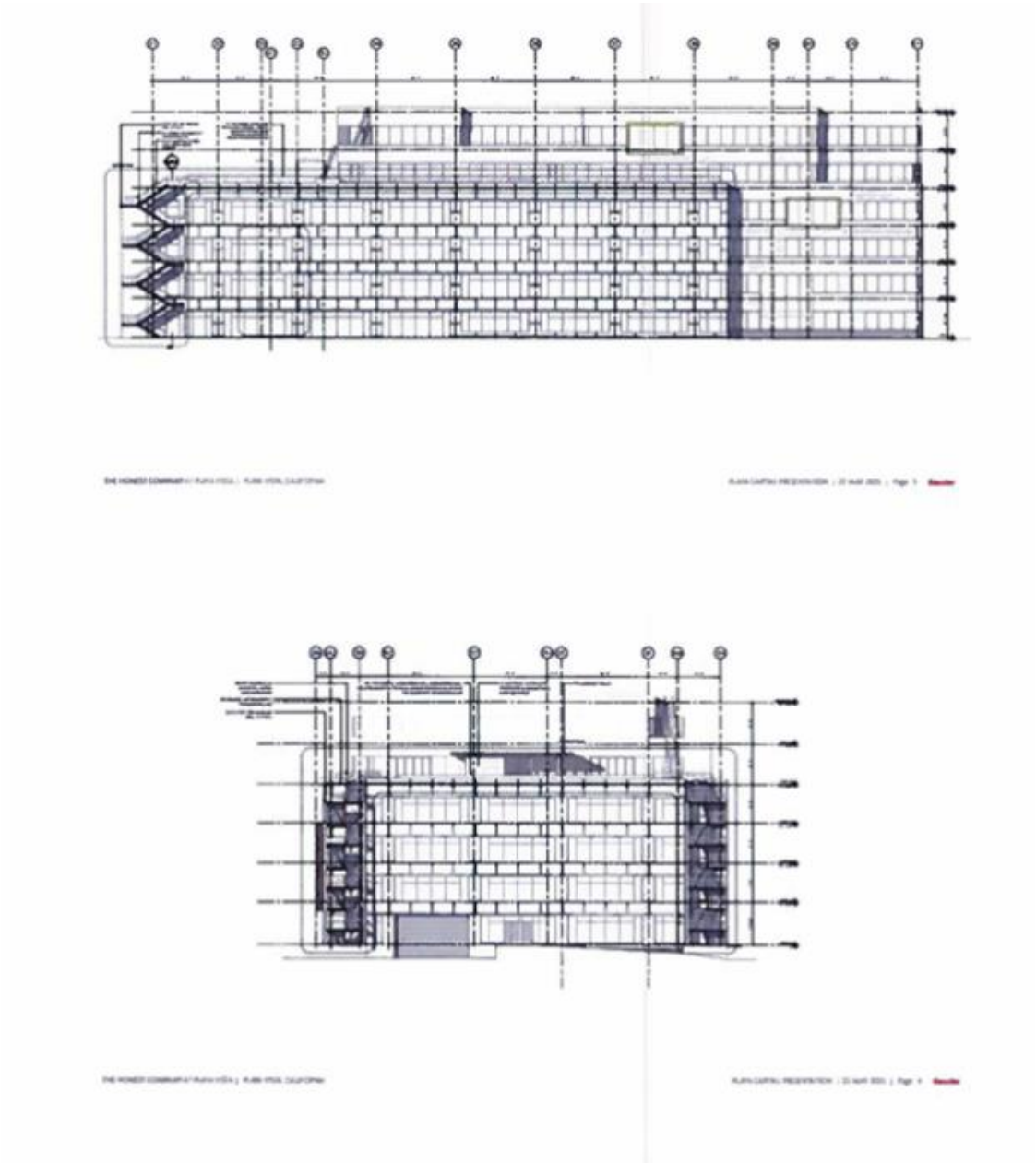


LEVEL P3

- Accessible Parking
- Priority Parking
- Visitor Parking
- Future EV Charging Spaces
- Future Leasing Spaces
- Existing FOX Parking
- Interim THC Reserved

EXHIBIT O
BASELINE STAIRCASE WORK





O- 2

ADDENDUM ONE

TWO RENEWAL OPTIONS AT MARKET

ATTACHED TO AND A PART OF THE LEASE AGREEMENT

BY AND BETWEEN

CV LATITUDE 34 LLC

and

THE HONEST COMPANY, INC.

(a) Provided that as of the time of the giving of the First Extension Notice and the Commencement Date of the First Extension Term (as such terms are defined below), (i) Tenant is the Tenant originally named herein or a Transfer Assignee (as defined in Paragraph 11(a)), (ii) Tenant or a Transfer Assignee has not actually vacated and/or subleased in excess of twenty-five percent (25%) of the Premises initially demised under this Lease and any space added to the Premises, and (iii) no Event of Default exists; then Tenant shall have the right to extend the Lease Term for an additional term of five (5) years (such additional term is hereinafter called the "First Extension Term") commencing on the day following the expiration of the Lease Term (hereinafter referred to as the "Commencement Date of the First Extension Term"). Tenant must give Landlord notice (hereinafter called the "First Extension Notice") of its election to extend the term of the Lease Term at least twelve (12) months, but not more than fifteen (15) months, prior to the scheduled expiration date of the Lease Term. In the event Landlord elects to re-measure the Premises pursuant to Paragraph 2(d) in connection with the First Extension Term, Landlord shall be required to provide the updated square footage to Tenant within thirty (30) days after the date that Landlord receives the First Extension Notice from Tenant and, in the event Landlord elects to so re-measure in accordance with Paragraph 2(d) and such re-measurement increases the Rentable Area of the Premises, then within fifteen (15) days after receipt of the re-measurement Tenant shall be permitted to irrevocably rescind in writing its First Extension Notice. Tenant's failure to rescind the First Extension Notice within such fifteen (15) day period shall be deemed to constitute Tenant's acceptance of the re-measurement.

(b) Provided that as of the time of the giving of the Second Extension Notice and the Commencement Date of the Second Extension Term (as such terms are defined below), (i) Tenant is the Tenant originally named herein or a Transfer Assignee (as defined in Paragraph 11(a)), (ii) Tenant or a Transfer Assignee has not actually vacated and/or subleased in excess of twenty-five percent (25%) of the Premises initially demised under this Lease and any space added to the Premises, and (iii) no Event of Default exists; then Tenant shall have the right to extend the Lease Term for an additional term of five (5) years (such additional term is hereinafter called the "Second Extension Term") commencing on the day following the expiration of the First Extension Term (hereinafter referred to as the "Commencement Date of the Second Extension Term"). Tenant must give Landlord notice (hereinafter called the "Second Extension Notice") of its election to extend the term of the Lease Term at least twelve (12) months, but not more than fifteen (15) months, prior to the scheduled expiration date of the First Extension Term. In the event Landlord elects to re-measure the Premises pursuant to Paragraph 2(d) in connection with the Second Extension Term, Landlord shall be required to provide the updated square footage to Tenant within thirty (30) days after the date that Landlord receives the Second Extension Notice from Tenant and, in the event Landlord elects to so re-measure in accordance with Paragraph 2(d) and such re-measurement increases the Rentable Area of the Premises, then within fifteen (15) days after receipt of the re-measurement Tenant shall be permitted to irrevocably rescind in writing its Second Extension Notice. Tenant's failure to rescind the Second Extension Notice within such fifteen (15) day period shall be deemed to constitute Tenant's acceptance of the re-measurement

(c) Base Rent payable by Tenant to Landlord during the First Extension Term andlor Second Extension Term shall be the Fair Market Rent, as defined and determined pursuant to Paragraph (d), Paragraph (e), and Paragraph (f) below.

(d) The term "Fair Market Rent" shall mean the then-prevailing fair market value rental rate charged to tenants for space of comparable size and conditions, in comparable Class "A" institutionally-owned buildings of at least 100,000 square feet with similar class tenants within the Playa Vista market area excluding projects north of Jefferson Boulevard other than The Reserve (13031 W. Jefferson) and Water's Edge (5510 and 5570 Lincoln Boulevard), plus the to-be built building adjacent to such existing buildings, taking into consideration all relevant factors. In addition to its obligation to pay Base Rent (as determined herein), Tenant shall continue to pay and reimburse Landlord as set forth in the Lease with respect to such operating expenses and other items with respect to the Premises during the First Extension Term and/or Second Extension Term. The arbitration process described below shall be limited to the determination of the Base Rent and shall not affect or otherwise reduce or modify the Tenant's obligation to pay or reimburse Landlord for such operating expenses and other reimbursable items.

(e) Landlord shall notify Tenant of its determination of the Fair Market Rent (which shall be made in Landlord's sole discretion) within sixty (60) days after receipt of Tenant's renewal notice, and Tenant shall advise Landlord of any objection within thirty (30) days of receipt of Landlord's notice. Failure to respond within the thirty (30) day period shall constitute Tenant's objection of such Fair Market Rent. If Tenant objects or is deemed to have objected to Landlord's determination of Fair Market Rent, Landlord and Tenant shall commence negotiations to attempt to agree upon the Fair Market Rent within thirty (30) days of Landlord's receipt of Tenant's notice or deemed objection. If the parties cannot agree, each acting in good faith but without any obligation to agree, then the Lease Term shall not be extended and shall terminate on its scheduled termination date and Tenant shall have no further right hereunder or any remedy by reason of the parties' failure to agree unless Tenant or Landlord invokes the arbitration procedure provided below to determine the Fair Market Rent.

(f) Arbitration to determine the Fair Market Rent shall be in accordance with the Real Estate Valuation Arbitration Rules of the American Arbitration Association. Either party may elect to arbitrate by sending written notice to the other party and the Regional Office of the American Arbitration Association within five (5) days after the thirty (30) day negotiating period provided in Paragraph (d), invoking the binding arbitration provisions of this Paragraph. Landlord and Tenant shall each appoint one qualified real estate appraiser, who shall (1) be a member of the Appraisal Institute, (2) have been engaged as their primary profession in appraising office space in Class A multi-story office buildings in the Playa Vista market for not less than the previous ten (10) years and (3) not have been employed by either Landlord or Tenant within the previous five (5) year period. Each such appraiser shall be appointed within twenty (20) days after the expiration of the thirty (30) day negotiating period provided in Paragraph (e). Landlord and Tenant shall each submit to the two appraisers their respective proposal of Fair Market Rent. The two (2) appraisers shall each meet for thirty (30) days (the "Thirty Day Period") thereafter in order to select either the Landlord's rent determination or Tenant's rent determination. If the two (2) appraisers are unable to mutually select, in such Thirty Day Period, either the Landlord's rent determination or the Tenant's rent determination, then the two appraisers so appointed shall within fifteen (15) days after the expiration of the Thirty Day Period agree upon and appoint an independent third party real estate appraiser (the "Independent Arbitrator") who shall (1) be a member of the Appraisal Institute, (2) have been engaged as their primary profession in appraising office space in Class A multi-story office buildings in the Santa Monica/Playa Vista market for not less than the previous ten (10) years and (3) not have been employed by either Landlord or Tenant within the previous five (5) year period. The parties shall pay the fees of their respective appraisers and shall share equally in the fees of the Independent Arbitrator. If an Independent Arbitrator has not been so appointed by the end of such fifteen (15) day period, then either party, on behalf of both, may request such appointment by the Los Angeles office of the American Arbitration Association (or any successor thereto), or in the absence, failure, refusal or inability of such entity to act, then either party may apply to the presiding judge of the Los Angeles Superior Court, for the appointment of such an Independent Arbitrator, and the other party shall not raise any question as to the court's full power and jurisdiction to make the appointment. Within five (5) days following notification of the identity of the Independent Arbitrator, Landlord and Tenant shall submit copies of Landlord's rent determination and Tenant's rent determination to the Independent Arbitrator. The Independent Arbitrator shall select either Landlord's rent determination or Tenant's rent determination as the Fair Market Rent and notify Landlord and Tenant thereof, and shall have no right to propose a middle ground or to modify either of the two determinations or the provisions of this Lease. The Independent Arbitrator shall attempt to render a decision within thirty (30) days after appointment of the Independent Arbitrator. In any case, the Independent Arbitrator shall render a decision within forty five (45) days after appointment of the Independent Arbitrator. The decision of the Independent Arbitrator shall be final and binding upon the parties, and may be enforced in accordance with the provisions of California law. In the event of the failure, refusal or inability of the Independent Arbitrator to act, a successor shall be appointed in the manner that applied to the selection of the member being replaced. Each party shall pay one half of the fees and

expenses of the Independent Arbitrator and the expenses incident to the proceedings (excluding attorneys' fees and similar expenses of the parties which shall be borne separately by each of the parties). Each party may submit any written materials to the Independent Arbitrator within ten (10) Business Days of selection of the Independent Arbitrator. No witnesses or oral testimony (i.e. no hearing) shall be permitted in connection with the Independent Arbitrator's decision unless agreed to by both parties. The Independent Arbitrator is authorized to walk both the Premises and any comparable space. If the Independent Arbitrator has not determined the Fair Market Rent as of the end of the Term of the Lease with respect to the First Extension Term or as of the end of the First Extension Term with respect to the Second Extension Term, Tenant shall pay the Base Rent in effect under the Lease as of the end of the Term or First Extension Term, as applicable, until the Fair Market Rent is determined as provided herein. Upon such determination, Landlord and Tenant shall make the appropriate adjustments to the payments between them.

(g) The parties consent to the jurisdiction of any appropriate court to enforce the arbitration provisions of this Addendum One and to enter judgment upon the decision of the arbitrator.

(h) Except for the Base Rent as determined above and any re-measurement of the Premises by Landlord pursuant to Paragraph 2(d) of the Lease, Tenant's occupancy of the Premises during the First Extension Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the initial Lease Term; provided, however, unless otherwise agreed to by Landlord and Tenant in writing, Tenant shall have no further right to extend the Lease Term pursuant to this addendum (other than in connection with the Second Extension Term) or to any allowances, credits or abatements or options to expand, contract, renew or extend the Lease (but such facts shall be taken into consideration when determining Fair Market Rent). Except for the Base Rent as determined above and any re-measurement of the Premises by Landlord pursuant to Paragraph 2(d) of the Lease, Tenant's occupancy of the Premises during the Second Extension Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the First Extension Term; provided, however, unless otherwise agreed to by Landlord and Tenant in writing, Tenant shall have no further right to extend the Lease Term pursuant to this addendum or to any allowances, credits or abatements or options to expand, contract, renew or extend the Lease (but such facts shall be taken into consideration when determining Fair Market Rent).

(i) If Tenant does not send the First Extension Notice within the period set forth in Paragraph (a) above, Tenant's right to extend the Lease Term for the First Extension Term and Second Extension Term shall automatically terminate. If Tenant does not send the Second Extension Notice within the period set forth in Paragraph (b) above, Tenant's right to extend the Lease Term for the Second Extension Term shall automatically terminate. Time is of the essence as to the giving of the First Extension Notice and Second Extension Notice.

(j) Landlord shall have no obligation to refurbish or otherwise improve the Premises for the First Extension Term and/or Second Extension Term. The Premises shall be tendered on the Commencement Date of the First Extension Term and Commencement Date of the Second Extension Term in "as-is", "where-is", and "with all faults" condition.

(k) If the Lease is extended for the First Extension Term and/or Second Extension Term, then Landlord shall prepare and Tenant shall execute an amendment to the Lease in a form mutually agreed to confirming the extension of the Lease Term and the other provisions applicable thereto (the "Amendment") but the effectiveness of the First Extension Term and/or Second Extension Term shall not be conditioned upon the execution and delivery of the Amendment.

(I) If Tenant exercises its right to extend the term of the Lease for the First Extension Term and/or Second Extension Term pursuant to this Addendum One, the term "Lease Term" as used in the Lease, shall be construed to include, when practicable, the First Extension Term and/or Second Extension Term.

ADDENDUM TWO

RIGHT OF FIRST OFFER

ATTACHED TO AND A PART OF THE LEASE AGREEMENT

BY AND BETWEEN

CV LATITUDE 34 LLC

THE HONEST COMPANY, INC.

(a) "Offered Space" shall mean second generation leasable space located on the Third Floor of the Building (i.e., meaning that this Right of First Offer shall not be effective until such time as Landlord has leased the entire rentable area on the Third Floor to another tenant or tenants (such tenants being a "First Generation Tenant") and thereafter the Third Floor is vacant (or scheduled to be vacant due to the Landlord and such First Generation Tenant not agreeing to extend the term with respect to its lease) and available for Lease).

(b) Provided that as of the date of the giving of the First Offer Notice, (i) Tenant is the Tenant originally named herein or a Transfer Assignee, (ii) Tenant or a Transfer Assignee has not actually vacated and/or subleased in excess of twenty-five percent (25%) of the Premises originally demised under this Lease and any space added to the Premises, (iii) no Event of Default exists and (iv) Landlord has leased the Offered Space to a First Generation Tenant and such First Generation Tenant has vacated (or up to twelve (12) months prior to the date that Landlord anticipates such First Generation Tenant is scheduled to be vacated) the Premises, if at any time during the Lease Term any portion of the Offered Space is vacant (or up to twelve (12) months prior to the date that Landlord anticipates such Offered Space is scheduled to be vacant), then Landlord, before offering such Offered Space to anyone, other than the tenant then occupying such space (or its affiliates), shall offer to Tenant the right to include the Offered Space within the Premises at the Fair Market Rent (as defined in Addendum One hereto) and on such other terms and conditions upon which Landlord intends to offer the Offered Space for lease. Notwithstanding anything to the contrary in the Lease, the right of first offer granted to Tenant under this Addendum Two shall be subject and subordinate to the herein reserved right of Landlord to renew or extend the term of any lease with the tenant then occupying such space (or any of its affiliates) (including any First Generation Tenant), whether pursuant to a renewal or extension option in such lease or otherwise.

(c) Such offer shall be made by Landlord to Tenant in a written notice (hereinafter called the "First Offer Notice") which offer shall designate the space being offered and shall specify the terms which Landlord intends to offer with respect to any such Offered Space. Tenant may provide written notice (hereinafter called "Tenant's Notice") within ten (10) business days after delivery by Landlord of the First Offer Notice to Tenant either (i) accepting the offer set forth in the First Offer Notice or (ii) agreeing to lease the Offered Space set forth in the First Offer Notice but disputing Landlord's determination of Fair Market Rent set forth in such First Offer Notice. If Tenant fails to give notice to Landlord within such ten (10) business day period, Tenant shall be deemed to have rejected such offer. Time shall be of the essence with respect to the giving of Tenant's Notice. If Tenant does not accept (or fails to timely accept) an offer made by Landlord pursuant to the provisions of this Addendum Two with respect to the Offered Space designated in the First Offer Notice, then Landlord shall be under no further obligation with respect to such space by reason of this Addendum Two until the Offered Space once again is vacant and becomes available following Landlord's next leasing of the Offered Space (i.e., after Landlord has leased the Offered Space following Tenant's failure to accept the Offered Space). In the event Tenant's Notice is an objection to Landlord's determination of Fair Market Rent, Landlord and Tenant shall commence negotiations to attempt to agree upon the Fair Market Rent within fifteen (15) days of Landlord's receipt of Tenant's Notice. If the parties cannot agree, then the parties agree to submit the determination of Fair Market Rent with respect to the Offered Space to the arbitration mechanism set forth in this Paragraph. Arbitration to determine the Fair Market Rent shall be in accordance with the Real Estate Valuation Arbitration Rules of the American Arbitration Association. Promptly following the expiration of such fifteen (15) day negotiating period, Landlord and Tenant shall each appoint one qualified real estate appraiser. who shall (1) be a member of the Appraisal Institute, (2) have been engaged as their primary profession in appraising office space in Class A multi-story office buildings in the Playa Vista market for not less than the previous ten (10) years and (3) not have been employed by either Landlord or Tenant within the previous five (5) year period. Each such appraiser shall

be appointed within twenty (20) days after the expiration of the fifteen (15) day negotiating period provided in Paragraph (e). Landlord and Tenant shall each submit to the two appraisers their respective proposal of Fair Market Rent. The two (2) appraisers shall each meet for thirty (30) days (the "Thirty Day Period") thereafter in order to select either the Landlord's rent determination or Tenant's rent determination. If the two (2) appraisers are unable to mutually select, in such Thirty Day Period, either the Landlord's rent determination or the Tenant's rent determination, then the two appraisers so appointed shall within fifteen (15) days after the expiration of the Thirty Day Period agree upon and appoint an independent third party real estate appraiser (the "Independent Arbitrator") who shall (1) be a member of the Appraisal Institute, (2) have been engaged as their primary profession in appraising office space in Class A multi-story office buildings in the Santa Monica/Playa Vista market for not less than the previous ten (10) years and (3) not have been employed by either Landlord or Tenant within the previous five (5) year period. The parties shall pay the fees of their respective appraisers and shall share equally in the fees of the Independent Arbitrator. If an Independent Arbitrator has not been so appointed by the end of such fifteen (15) day period, then either party, on behalf of both, may request such appointment by the Los Angeles office of the American Arbitration Association (or any successor thereto), or in the absence, failure, refusal or inability of such entity to act, then either party may apply to the presiding judge of the Los Angeles Superior Court, for the appointment of such an Independent Arbitrator, and the other party shall not raise any question as to the court's full power and jurisdiction to make the appointment. Within five (5) days following notification of the identity of the Independent Arbitrator, Landlord and Tenant shall submit copies of Landlord's rent determination and Tenant's rent determination to the Independent Arbitrator. The Independent Arbitrator shall select either Landlord's rent determination or Tenant's rent determination as the Fair Market Rent and notify Landlord and Tenant thereof, and shall have no right to propose a middle ground or to modify either of the two determinations or the provisions of this Lease. The Independent Arbitrator shall attempt to render a decision within thirty (30) days after appointment of the Independent Arbitrator. In any case, the Independent Arbitrator shall render a decision within forty five (45) days after appointment of the Independent Arbitrator. The decision of the Independent Arbitrator shall be final and binding upon the parties, and may be enforced in accordance with the provisions of California law. In the event of the failure, refusal or inability of the Independent Arbitrator to act, a successor shall be appointed in the manner that applied to the selection of the member being replaced. Each party shall pay one half of the fees and expenses of the Independent Arbitrator and the expenses incident to the proceedings (excluding attorneys' fees and similar expenses of the parties which shall be borne separately by each of the parties). Each party may submit any written materials to the Independent Arbitrator within ten (10) Business Days of selection of the Independent Arbitrator. No witnesses or oral testimony (i.e. no hearing) shall be permitted in connection with the Independent Arbitrator's decision unless agreed to by both parties. The Independent Arbitrator is authorized to walk both the Offered Space and any comparable space. The arbitration process herein shall be limited to the determination of the Fair Market Rent for the Offered Space and all other terms with respect to the Offered Space shall be as set forth in the First Offer Notice. The parties consent to the jurisdiction of any appropriate court to enforce the arbitration provisions of this Addendum Two and to enter judgment upon the decision of the arbitrator

(d) Tenant must accept all Offered Space offered by Landlord at any one time if it desires to accept any of such Offered Space and may not exercise its right with respect to only part of such space; provided, however, in the event Tenant declines to accept the Offered Space offered pursuant to the First Offer Notice and thereafter prior to entering into a lease with a third party for the Offered Space Landlord intends to demise the Offered Space into more than one (1) demised premises, then Landlord shall again reoffer the contemplated demised portions of the Offered Space to Tenant, in which case Tenant shall have a four (4) business day period to elect to exercise its right of first offer with respect to such separately demised spaces. In addition, if Landlord desires to lease more than just the Offered Space to one tenant, Landlord may offer to Tenant pursuant to the terms hereof all such space which Landlord desires to lease, and Tenant must exercise its rights hereunder with respect to all such space and may not insist on receiving an offer for just the Offered Space.

(e) If Tenant at any time declines any Offered Space offered by Landlord, Tenant shall be deemed to have irrevocably waived all further rights under this Addendum Two until the Offered Space once again is vacant and becomes available following Landlord's next leasing of the Offered Space (i.e., after Landlord has leased the Offered Space following Tenant's failure to accept the Offered Space), and Landlord shall be free to lease the Offered Space to third parties including on terms which may be less favorable to Landlord than those offered to Tenant.

(f) In the event that Tenant exercises its rights to any Offered Space pursuant to this Addendum Two,

then Landlord shall prepare, and Tenant shall execute, an amendment to the Lease which confirms such expansion of the Premises and the other provisions applicable thereto (the "Amendment"), but the effectiveness of the Tenant's exercise of the right of first offer shall not be conditioned upon the execution and delivery of the Amendment.

ADDENDUM THREE

CANCELLATION OPTION

**ATTACHED TO AND A PART OF THE LEASE AGREEMENT
BY AND BETWEEN**

CV LATITUDE 34 LLC

and

THE HONEST COMPANY, INC.

Provided no event of default shall then exist past applicable notice and cure periods, Tenant shall have the right at any time on or before the last day of the seventy-second (72nd) full calendar month of the Lease Term to send Landlord irrevocable written notice (the "Termination Notice") that Tenant has elected to terminate this Lease, effective on the last day of the eighty-fourth (84th) full calendar month of the Lease Term ("Termination Date").

If Tenant elects to terminate this Lease pursuant to the immediately preceding sentence, the effectiveness of such termination shall be conditioned upon Tenant paying to Landlord, simultaneously with Tenant's delivery of the Termination Notice to Landlord, a termination fee equal to the sum of (i) the unamortized portion of the (A) Tenant Improvement Allowance, (B) leasing commissions paid by Landlord in connection with this Lease, and (C) any rental abatement provided to Tenant (excluding the rental abatement provided for months 49, 61 and 73 which relates to the construction of the Roof Deck), as such amounts are amortized on a straight-line basis over the initial Lease Term, plus interest on all such amortized amounts payable at a rate of eight percent per annum, plus (ii) Base Rent due for months 85 through 90 of the Lease Term (collectively the "Termination Fee"). The Termination Fee is currently estimated to be $9,248,614.00; provided, however, if Tenant elects not to construct the Rooftop Deck and as a result waives its rights to the Rooftop Allowance and the three (3) months of Base Rent abatement conditioned on such Rooftop Deck as set forth in Item 5 of the Basic Lease Provisions of the Lease, then, upon Tenant's written request Landlord shall provide a revised calculation of the Termination Fee in order to account for the waiver of such Rooftop Allowance and conditional Base Rent abatement. Such Termination Fee is consideration for Tenant's option to terminate and shall not be applied to Rent or any other obligation of Tenant. Except as otherwise expressly set forth in this Lease, Landlord and Tenant shall be relieved of all obligations accruing under this Lease after the Termination Date, but not any obligations accruing under the Lease prior to the effective date of such termination. Both Landlord and Tenant acknowledge and agree that it would be impracticable or extremely difficult to affix damages if Tenant terminates this Lease and that the Termination Fee set forth above represents a reasonable estimate of Landlord's damages in the event Tenant terminates this Lease under this Addendum. If Tenant does not timely deliver the Termination Notice or Termination Fee to Landlord, then this termination option shall become null and void and the Lease shall continue in full force and effect. In the event Tenant exercises the Right of First Offer set forth in Addendum Two hereof or otherwise expands the Premises, then the Termination Fee shall be increased by the unamortized costs and Base Rent attributable to the expansion premises.

LIST OF EXHIBITS

Exhibit 10.18

Warehouse Lease Agreement

PHI Donovan Land, LLC, a Nevada limited liability company — Landlord

and

The Honest Company, Inc., a Delaware corporation — Tenant

Dated as of November 16, 2016

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Warehouse Lease Agreement

This Warehouse Lease Agreement is made and entered into as of the Effective Date by and between PHI Donovan Land, LLC, a Nevada limited liability company, as Landlord, and The Honest Company, Inc., a Delaware corporation, as Tenant.

Definitions

Capitalized terms used in this Lease and not defined elsewhere have the meanings given them on the attached Exhibit A.

Basic Terms

The following Basic Terms are applied under and governed by the particular section(s) in this Lease pertaining to the following information:

1. **Premises:** The Premises consist of approximately 570,810 rentable square feet located within the Building as depicted on the site plan set forth on the attached Exhibit C ("**Site Plan**").(See Section 1.1)
2. **Building:** A warehouse/distribution building located on Donovan Way, North Las Vegas, Nevada, as generally depicted on the Site Plan, consisting of approximately 570,810 rentable square feet.
3. **Lease Term:** 124 months (See Section 1.2)
4. **Delivery Date:** August 15, 2017
5. **Basic Rent:**

Months	Annual Basic Rent/Annual Basic Rent per rentable square foot of the Premises (See Section 2.1)	Monthly Installments of Basic Rent
Months 1 through 4 (Subject to Section 2.1)	$-0-/$-0-	$-0
Months 5 through 16	$2,722,763.70/$4.77	$226,896.98
Month 17 through 28	$2,791,260.90/$4.89	$232,605.08
Months 29 through 40	$2,859,758.10/$5.01	$238,313.18
Months 41 through 52	$2,933,963.40/$5.14	$244,496.95
Months 53 through 64	$3,008,168.70/$5.27	$250,680.73
Months 65 through 76	$3,082,374.00/$5.40	$256,864.50
Months 77 through 88	$3,156,579.30/$5.53	$263,048.28
Months 89 through 100	$3,236,492.70/$5.67	$269,707.73
Months 101 through 112	$3,316,406.10/$5.81	$276,367.18
Months 113 through 124	$3,402,027.60/$5.96	$283,502.30

6.	**Initial Tenant's Share of Property Expenses Percentage:**	100%
7.	**Permitted Use:**	Warehouse, assembly, manufacturing and distribution (with related office and administration uses) and other lawful related uses in accordance with M-2 zoning requirements.
8.	**Credit Enhancement:**	Letter of Credit (See Article 18)
9.	**Allowance:**	$1.00 per rentable square foot of the Premises (See Section 17.3)
10.	**Current Property Manager/Rent Payment Address:**	VanTrust Real Estate, LLC 4900 Main Street, Suite 400 Kansas City, Missouri 64112 Attn: Jeff Smith, Vice President Asset Management Telephone: (816) 480-4444
11.	**Address of Landlord for Notices:**	c/o VanTrust Real Estate, LLC Suite 880 2525 East Camelback Road Phoenix, Arizona 85016 Attn: Sandy Broadfoot, Vice President and General Counsel
	With a copy to:	VanTrust Real Estate, LLC 4900 Main Street, Suite 400 Kansas City, Missouri 64112 Attn: Jeff Smith, Vice President Asset Management
	With a copy to:	O'Rourke, Hogan, Fowler & Dwyer, LLC Suite 3700 10 South LaSalle Street Chicago, Illinois 60603 Attn: W. Craig Fowler
	With a copy to:	Property Manager at the address described above in the Basic Terms.
12.	**Address of Tenant for Notices:**	The Honest Company, Inc. 12130 Millennium Drive Playa Vista, California 90094 Attention: Head of Facilities
	With a copy to:	The Honest Company, Inc. 12130 Millennium Drive Playa Vista, California 90094 Attention: General Counsel

13.	**Broker(s):**	Cresa Partners (Matthew Miller and Marc Bretter) and REP Realty Advisors (Dean Krieger) — for Tenant CBRE, Inc. — for Landlord (See Section 19.11)

Article 1 — Lease of Premises and Lease Term

1.1 Premises. In consideration of the covenants and agreements set forth in this Lease and other good and valuable consideration, Landlord leases the Premises to Tenant and Tenant leases the Premises from Landlord, upon and subject to the terms and conditions set forth in this Lease. Subject to this Section 1.1, the estimated sizes of the Premises and Building, respectively, are as set forth in the Basic Terms for determining Rent and for all other purposes under this Lease. Prior to or upon Substantial Completion, Landlord will cause Landlord's architect to measure the Premises and the Building. Both the Premises and the Building will be measured from the exterior surface of exterior walls of the Building (as the Premises constitute the entire Building). Following receipt of such measurements, Tenant shall have the right to confirm such measurements with an architect or engineer of its choosing (which architect or engineer shall be subject to Landlord's reasonable approval). Following such confirmation (or, to the extent there is a disagreement, the resolution of such measurements by the parties, acting reasonably and in good faith), the square footages so determined, together with the Basic Rent and Tenant's Share of Property Expenses Percentage will be specified in the Commencement Date Memorandum executed as provided in Section 1.2.

1.2 Term; Commencement; Late Delivery; Commencement Date Memorandum.

1.2.1 Term; Commencement. The Term of this Lease is the period stated in the Basic Terms. The Term commences on the Commencement Date and expires at 5:00 p.m. on the last day of the last calendar month of the Term. Landlord will tender possession of the Premises to Tenant upon Substantial Completion of Tenant's Improvements pursuant to Article 17.

1.2.2 Late Delivery. Subject to this Section 1.2.2, in the event that the Commencement Date has not occurred by September 30, 2017, as such date may be extended by the number of days of delay due to Tenant Delays or other Force Majeure ("**First Outside Date**"), then, as Tenant's sole and exclusive remedy in connection therewith (except as expressly provided in the immediately succeeding sentence), Tenant shall receive a credit equal to one day's Basic Rent for each day after the First Outside Date until the Commencement Date has occurred; provided, however, that the maximum amount of such credit will be 76 days of Basic Rent. In addition, and also subject to this Section 1.2.2, in the event that the Commencement Date has not occurred by December 15, 2017, as such date may be extended by the number of days of delay due to Tenant Delays or other Force Majeure ("**Second Outside Date**"), then as Tenant's sole and exclusive remedy (in lieu of the Basic Rent abatement set forth in the immediately preceding sentence), Tenant may terminate this Lease by delivering written notice thereof to Landlord on the earlier of (a) the date that is five Business Days after the Second Outside Date, or (b) the day immediately preceding the Commencement Date, which termination will be effective upon Landlord's receipt of such termination notice. For purposes of determining the First Outside Date and the Second Outside Date, (i) the maximum number of days of delay due to Force Majeure (other than Tenant Delays and other than delays attributable to the failure of NV Energy to provide sufficient electrical power to the Building) will be 60 days; and (ii) the maximum number of days of delay due to Force Majeure (other than Tenant Delays) attributable to the failure of NV Energy to provide sufficient electrical power to the Building will be 120 days (instead of only 60 days).

1.2.3 Commencement Date Memorandum. Within ten Business Days following the Commencement Date, Landlord shall deliver to Tenant a "**Commencement Date Memorandum**" in the form as set forth in the attached Exhibit D, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within ten Business Days of receipt thereof (provided that if such Commencement Date Memorandum is not factually correct, then Tenant shall make such changes as are necessary to make the Commencement Date Memorandum factually correct and shall thereafter execute and return the revised Commencement Date Memorandum to Landlord within such ten-Business Day period). If Landlord fails to respond to Tenant's revised Commencement Date Memorandum within ten Business Days following Landlord's receipt thereof, then Tenant shall request Landlord's confirmation of Tenant's changes in writing ("**Request for Confirmation of Commencement Date Memorandum**"), which Request for Confirmation of Commencement Date Memorandum shall state in bold print that Landlord's failure to respond within five Business Days following Landlord's receipt thereof shall be deemed to be Landlord's approval of the Commencement Date Memorandum as revised by Tenant. Tenant's revised Commencement Date Memorandum shall be binding on both parties unless Landlord, within five Business Days following receipt of the Request for Confirmation of Commencement Date Memorandum delivers a notice to Tenant rejecting Tenant's changes, whereupon this procedure shall be repeated until the parties mutually agree upon the contents of the Commencement Date Memorandum. In the event Landlord shall fail to send Tenant the Commencement Date Memorandum within ten Business Days following the Commencement Date, Tenant may send to Landlord notice of the occurrence of the Commencement Date substantially in the form of the Commencement Date Memorandum, which Commencement Date Memorandum Landlord shall acknowledge by executing a copy thereof and returning it to Tenant (provided that if such Commencement Date Memorandum is not factually correct, then Landlord shall make such changes as are necessary to make the Commencement Date Memorandum factually correct, which revised Commencement Date Memorandum shall thereafter be subject to the procedure for finalization set forth in this Section 1.2.3). Once the Commencement Date Memorandum is executed and delivered by Landlord and Tenant, the same shall be binding upon Landlord and Tenant.

1.3 Access Prior to Substantial Completion. Subject to this Section 1.3, beginning on or about June 15, 2017 (or such later date as may be required in the event of Tenant Delays or other Force Majeure), Tenant will be allowed access to the warehouse portion of the Premises to install its furniture, fixtures, cabling and equipment including, without limitation, racking and related trade fixtures, and to any proposed computer room to install wiring; provided, however, that (a) Tenant must comply with and observe, all applicable Laws (including, without limitation, any required Certificate of Occupancy), all safety rules and procedures, and all other terms and conditions of this Lease, (b) Tenant will not interfere with the construction of Tenant's Improvements or cause any labor dispute as a result of Tenant's installations, (c) Tenant assumes all risk of loss or damage to Tenant's racking and related trade fixtures and to any and all personal property of Tenant or its contractors, subcontractors, agents and employees (except for any loss or damage caused by the gross negligence or willful misconduct of Landlord and/or its agents, contractors and employees), and (d) Tenant will indemnify, defend, save and hold harmless the Landlord Parties from and against any loss or damage to such racking, trade fixtures and other personal property, and all liability, loss or damage arising from any injury to the property of Landlord, or its contractors, subcontractors or materialmen, and any death or personal injury to any person or persons to the extent arising out of such installations or the presence of Tenant or its contractors, subcontractors, agents and employees on the Premises; provided, however, the foregoing indemnity shall not apply in cases of the breach of this Lease by and/or the gross negligence or willful misconduct of Landlord and/or its agents, contractors and employees). Landlord may, at any time, suspend Tenant's rights to the aforesaid access prior to the Commencement Date if Landlord, acting reasonably and in good faith, determines that such access or any work being performed by or for Tenant is unreasonably interfering with the construction of Tenant's Improvements, is creating security or safety risks or is otherwise not in conformance with the conditions of this Section 1.3. Beginning on the date that Tenant commences any activities in the Premises pursuant to this Section 1.3, and continuing through the day before the Commencement Date, Tenant will

contribute to the payment of the utility charges at the Premises, if such charges are higher than would customarily be the case for contractors performing the construction of Tenant's Improvements, or otherwise would have been the case, in the absence of such work by or for Tenant. The parties will reasonably cooperate to arrive at an equitable allocation of any such charges. Such allocation will be generally designed to result in Tenant's paying that portion of such utility charges attributable to Tenant's activities at the Premises only. In no event may Tenant conduct business in the Premises during such early access period.

1.4 Quiet Enjoyment. Landlord covenants and agrees that, from and after the Commencement Date, Tenant may quietly hold, occupy and enjoy the Premises during the Term, subject to the terms and conditions of this Lease, free from molestation or hindrance by Landlord or any person claiming by, through or under Landlord, if Tenant pays all Rent as and when due (subject to applicable notice and cure periods hereunder) and keeps, observes and fully satisfies all other covenants, obligations and agreements of Tenant under this Lease (subject to applicable notice and cure periods hereunder).

1.5 Common Area. Tenant will have the non-exclusive right, together with the other occupants and users of the Property, to use the Common Area during the Term for the purposes intended, subject to such reasonable, non-discriminatory rules and regulations as Landlord may establish from time to time, which shall be enforced in a manner that does not materially interfere with the conduct of the Permitted Use from the Premises or Tenant's access to the Premises. Such right to use the Common Area is subject to all of the terms and conditions of this Lease, including, without limitation, all Property Rules and other Laws.

1.6 Extension of Term. Provided that no Event of Default exists at the time of exercise, Tenant may extend the Term of this Lease for up to two consecutive periods of five years each. Tenant must exercise each such right of extension by delivering written notice of Tenant's exercise at least nine, but not more than 12, months prior to the expiration of the Term (as may have been extended). Each extension of the Term will be on the same terms, covenants and conditions as in this Lease, other than Basic Rent. Basic Rent for the extension period will be the Fair Market Basic Rent determined in accordance with the terms and conditions of this Lease. Landlord will reasonably determine such Fair Market Basic Rent and deliver Landlord's determination to Tenant at least eight months prior to the expiration of the then-current Term.

1.6.1 Rent Appraisal. If Tenant disputes Landlord's determination of Fair Market Basic Rent for an extension of the Term, Tenant will deliver notice of such dispute, together with Tenant's proposed Fair Market Basic Rent, to Landlord within ten Business Days of Landlord's delivery of Landlord's determination. The parties will then attempt in good faith to agree upon the Fair Market Basic Rent. If the parties fail to agree within fifteen Business Days, then Landlord and Tenant will each appoint an appraiser meeting the criteria below within seven days after the expiration of such fifteen-Business Day period. Each appraiser must have at least 10 years of full-time commercial appraisal experience of industrial space comparable to the Property and be a member of the American Institute of Real Estate Appraisers or a similar professional appraisal association. No appraiser may have any material financial or business interest in common with either of the parties (or have been engaged or employed by them within the previous five-year period). Landlord and Tenant shall each submit to the two appraisers their respective proposals of Fair Market Basic Rent. The two appraisers shall each meet during the ensuing 30 days ("**Thirty-Day Period**") in order to select either Landlord's Fair Market Basic Rent determination or Tenant's Fair Market Basic Rent determination. If the two appraisers are unable to mutually select, in the Thirty-Day Period, either Landlord's Fair Market Basic Rent determination or Tenant's Fair Market Basic Rent determination, then the two appraisers so appointed shall, within 15 days after the expiration of the Thirty-Day Period, agree upon and appoint an independent third party real estate appraiser ("**Independent Arbitrator**") meeting the criteria set forth above. If an Independent Arbitrator has not been so appointed by the end of such 15-day period, then either party, on behalf of both, may request such appointment by the Las Vegas office of the American Arbitration Association (or any successor thereto), or in the absence,

failure, refusal or inability of such entity to act, then either party may apply to the presiding judge of the Clark County, Nevada District Court, for the appointment of the Independent Arbitrator, and the other party shall not raise any question as to the court's full power and jurisdiction to make the appointment. Within five days following notification of the identity of the Independent Arbitrator, Landlord and Tenant shall each submit a copy of its Fair Market Basic Rent determination to the Independent Arbitrator. In addition, each party may submit any written materials to the Independent Arbitrator within ten Business Days of selection of the Independent Arbitrator. No witnesses or oral testimony (*i.e.*, no hearing) shall be permitted in connection with the Independent Arbitrator's decision unless agreed to by both parties. The Independent Arbitrator is authorized to walk both the Premises and any comparable space. The Independent Arbitrator shall select either Landlord's Fair Market Basic Rent determination or Tenant's Fair Market Basic Rent determination as the Fair Market Basic Rent hereunder and notify Landlord and Tenant thereof, and shall have no right to propose a middle ground or to modify either of the two determinations or the provisions of this Lease. The Independent Arbitrator shall attempt to render a decision within 30 days after appointment of the Independent Arbitrator. In any case, the Independent Arbitrator shall render a decision within 45 days after appointment of the Independent Arbitrator. The decision of the Independent Arbitrator shall be final and binding upon the parties, and may be enforced in accordance with the provisions of Nevada law. In the event of the failure, refusal or inability of the Independent Arbitrator to act, a successor shall be appointed in the manner described above. If the Independent Arbitrator has not determined the Fair Market Basic Rent as of the end of the Term (as may have been previously extended), Tenant shall pay the Basic Rent in effect under the Lease as of the end of the Term, as applicable, until the Fair Market Basic Rent is determined as provided herein. Upon such determination, Landlord and Tenant shall make the appropriate adjustments to the payments between them and enter into written amendment to this Lease memorializing the same. The parties shall pay the fees of their respective appraisers, and shall share equally in the fees of the Independent Arbitrator and the expenses incident to the proceedings (excluding attorneys' fees and similar expenses of the parties, which shall be borne separately by each of the parties).

Article 2 — Rental and Other Payments

2.1 Basic Rent. Tenant will pay Basic Rent in monthly installments to Landlord, in advance, beginning on the Commencement Date and thereafter on the first day of each and every calendar month during the Term; provided, however, that so long as there is not an Event of Default by Tenant under this Lease, Basic Rent (but not any Additional Rent) will abate with respect to the Premises during the first four months of the Term as set forth in the Basic Terms. Tenant will make all Basic Rent payments by means of check, ACH or wire transfer of immediately available funds, using payment and/or transfer instructions that Landlord may from time to time provide in writing. In the absence of such instructions, Tenant will make all Basic Rent payments to the Rent Payment Address specified in the Basic Terms or at such other place or in such other manner as Landlord may from time to time designate in writing. Tenant will make all Basic Rent payments without offset or deduction (except as expressly set forth in this Lease) and without any previous demand, invoice or notice for payment. Landlord and Tenant will prorate, on a per diem basis based upon the number of days in such calendar month, Basic Rent for any partial month within the Term.

2.2 Additional Rent. Article 3 requires Tenant to pay Tenant's Share of Property Expenses as Additional Rent pursuant to estimates Landlord delivers to Tenant. Tenant will make all such payments in accordance with Section 3.3 without offset or deduction (except as expressly set forth in this Lease) and without any previous demand, invoice or notice for payment (except as expressly set forth in this Lease). Tenant will pay all other Additional Rent described in this Lease within 30 days after receiving Landlord's invoice for such Additional Rent. Tenant will make all Additional Rent payments to the same location and, except as described in the previous sentence, in the same manner as Basic Rent payments.

2.3 Delinquent Rental Payments. If Tenant does not pay any installment of Basic Rent or any Additional Rent on the date the payment is due, Tenant will pay Landlord a late payment charge equal to five percent of the amount of the delinquent payment; provided, however, that there will be no such late payment charge the first time in any twelve-month period during the Term that a payment is delinquent, so long as such payment is made within five Business Days following notice that the same is past the due date thereof. Further, if Tenant does not pay any installment of Basic Rent or any Additional Rent on the date the payment is due, Tenant will pay Landlord interest on the delinquent payment calculated at the Maximum Rate from the date the payment is due through the date the payment is made. The parties agree that such amounts represent a fair and reasonable estimate of the damages Landlord will incur by reason of such late payment. Such charges will be considered Additional Rent and Landlord's right to such compensation for the delinquency is in addition to all of Landlord's rights and remedies under this Lease, at law or in equity.

2.4 No Accord and Satisfaction. No statement on a payment check from Tenant or in a letter accompanying a payment check is binding on Landlord. Landlord may, with or without notice to Tenant, negotiate such check without being bound to the conditions of any such statement. No acceptance by Landlord of full or partial Rent during the continuance of any breach or default by Tenant constitutes a waiver of any such breach or default. If Tenant pays any amount other than the actual amount due Landlord, receipt or collection of such partial payment does not constitute an accord and satisfaction. Landlord may retain any such partial payment, whether restrictively endorsed or otherwise, without prejudice to Landlord's right to collect the balance properly due. If all or any portion of any payment is dishonored for any reason, payment will not be deemed made until the entire amount due is actually collected by Landlord. The foregoing provisions apply in kind to the receipt or collection of any amount by a lock box agent or other person on Landlord's behalf.

2.5 Rent Tax. Tenant will pay to Landlord all Rent Tax (if any) due in connection with this Lease or the payment of Basic Rent hereunder, which Rent Tax will be paid by Tenant to Landlord concurrently with each payment of Basic Rent made by Tenant to Landlord under this Lease. Any Rent Tax will be considered as Additional Rent payable by Tenant hereunder.

Article 3 — Property Expenses

3.1 Payment of Property Expenses. Tenant will pay, as Additional Rent and in the manner this Article 3 describes, Tenant's Share of Property Expenses for each calendar year of the Term. Landlord will prorate Tenant's Share of Property Expenses for the calendar year in which this Lease commences or terminates as of the Commencement Date or termination date, as applicable, on a per diem basis based on the number of days of the Term within such calendar year.

3.2 Estimation of Tenant's Share of Property Expenses. Landlord will deliver to Tenant a written estimate of the following for each calendar year of the Term in reasonable detail by major categories: (a) Property Expenses; (b) Tenant's Share of Property Expenses; and (c) the annual and monthly Additional Rent attributable to Tenant's Share of Property Expenses. Landlord may reasonably re-estimate Property Expenses from time to time during the Term (but not more than once per calendar year). In such event, Landlord will revise the monthly Additional Rent attributable to Tenant's Share of Property Expenses to an amount sufficient for Tenant to pay the re-estimated amount over the balance of the calendar year. Landlord will notify Tenant at least 30 days prior to the effective date of any such re-estimate.

3.3 Payment of Estimated Tenant's Share of Property Expenses. Tenant will pay the amount Landlord estimates as Tenant's Share of Property Expenses under Section 3.2 in equal monthly installments, in advance, beginning on the Commencement Date (unlike the Basic Rent, there is no abatement of Tenant's Share of Property Expenses during the first four months of the Term) and thereafter on the first day of each and every calendar month during the Term. If Landlord has not delivered a new estimate to Tenant by the first day of January of the applicable calendar year, Tenant will continue paying Tenant's Share of Property Expenses based on Landlord's estimates for the previous calendar year. When

Tenant receives Landlord's estimates for the current calendar year, Tenant will pay the estimated amount for such calendar year (less amounts Tenant paid to Landlord in accordance with the immediately preceding sentence) in equal monthly installments over the balance of such calendar year, with the number of installments being equal to the number of full calendar months remaining in such calendar year.

3.4 Confirmation of Tenant's Share of Property Expenses. After the end of each calendar year within the Term, Landlord will determine the actual amount of Tenant's Share of Property Expenses for the expired calendar year and deliver to Tenant a written statement of such amount in reasonable detail by major categories. If the Term ends during a calendar year, Landlord may (but shall not be obligated to) deliver such written statement prior to the end of the applicable calendar year, in which event such statement shall prorate Tenant's Share of Property Expenses for the portion of the Term within such partial calendar year. If Tenant paid less than the amount of Tenant's Share of Property Expenses specified in the statement, Tenant will pay the difference to Landlord as Additional Rent within 30 days after Tenant's receipt of the statement. If Tenant paid more than the amount of Tenant's Share of Property Expenses specified in the statement, Landlord will, at Landlord's option, either (a) refund the excess amount to Tenant, or (b) credit the excess amount against Tenant's next due monthly installment of Basic Rent or installments of estimated Additional Rent (unless the Lease has expired or been terminated, in which case clause (a) will apply). If Landlord is delayed in delivering such statement to Tenant, such delay does not constitute a waiver of either party's rights under this Section 3.4. Notwithstanding the immediately preceding sentence, Tenant shall not be responsible for Tenant's Share of any Property Expenses attributable to any calendar year, which are first billed to Tenant more than two calendar years after the earlier of (a) the expiration of the applicable calendar year, or (b) the expiration or earlier termination of this Lease; provided, however, that in any event Tenant shall be responsible for Tenant's Share of Property Expenses levied by any governmental authority or by any public utility companies at any time following the expiration or earlier termination of this Lease, which are attributable to any calendar year (provided that Landlord delivers Tenant a bill for such amounts within two years following Landlord's receipt of the bill therefor).

3.5 Tenant's Inspection and Audit Rights. If Tenant desires to audit Landlord's determination of the actual amount of Tenant's Share of Property Expenses for any calendar year, Tenant must deliver to Landlord written notice of Tenant's election to audit within one year after Landlord's delivery of the statement of such amount under Section 3.4, which notice will identify with reasonable specificity those items that are in dispute. If such notice is timely delivered, and provided that no Event of Default, or event that with the passage of time or the giving of notice would constitute an Event of Default, then exists under this Lease, Tenant (but not any subtenant or assignee) may, at Tenant's sole cost and expense, cause a certified public accountant or lease audit firm reasonably acceptable to Landlord (and whose compensation is not incentive-based or otherwise dependent, in whole or in part, on the discovery of errors in the determination of Tenant's Share of Property Expenses) to audit Landlord's records relating to such amounts. Such audit will take place during regular business hours at a time and place reasonably acceptable to Landlord (which may be the location where Landlord or Property Manager maintains the applicable records). Tenant's election to audit Landlord's determination of Tenant's Share of Property Expenses is deemed withdrawn unless Tenant completes and delivers the audit report to Landlord within 90 days after the date Tenant delivers its notice of election to audit to Landlord under this Section 3.5. If the audit report (or, if applicable, the report of the Independent CPA) shows that the amount Landlord charged Tenant for Tenant's Share of Property Expenses was greater than the amount this Article 3 obligates Tenant to pay, then Landlord will refund the excess amount to Tenant within 30 days after Landlord receives a copy of the audit (or the Independent CPA's) report; provided, however, that if Landlord fails to make such payment within such time period, Tenant may treat any overpayments resulting from the foregoing resolution of such parties' dispute as a credit against Basic Rent until such amounts are otherwise paid by Landlord. If the audit (or the Independent CPA's) report shows that the amount Landlord charged Tenant for Tenant's Share of Property Expenses was less than the amount this Article 3 obligates Tenant to pay, then Tenant will pay to Landlord within 30 days after the completion of the audit, as Additional Rent, the

difference between the amount Tenant paid and the amount determined in the audit (or the Independent CPA's) report. As contemplated above, in the event that, following Tenant's audit, Landlord reasonably contests the audit and, thereafter, Tenant and Landlord continue to dispute the amounts of Property Expenses shown on Landlord's statement, and Landlord and Tenant are unable to resolve such dispute, then upon either Landlord's or Tenant's written request therefor, a certification as to the proper amount of Property Expenses and the amount due to or payable by Tenant shall be made by an independent certified public accountant ("**Independent CPA**") mutually selected by Landlord and Tenant, each acting in good faith; provided, however, if Landlord and Tenant are unable to agree in the first instance, then the parties shall select as the Independent CPA a certified public accountant who is a member of one of so-called "**Big Four**" certified public accounting firms (*i.e.*, Deloitte, PwC, Ernst & Young and KPMG) who (i) has practiced as a certified public accountant for at least ten years; (ii) is experienced in industrial real estate properties and the subject matter of this Section 3.5; and (iii) has not represented Landlord or Tenant during the preceding ten-year period. The decision of the Independent CPA shall be conclusive and binding upon both Landlord and Tenant. Pending resolution of any audit (or Independent CPA's) report under this Section 3.5, Tenant will continue to pay to Landlord all estimated amounts of Tenant's Share of Property Expenses in accordance with Section 3.3. Tenant must keep all information it obtains in any audit strictly confidential and may only use such information for the limited purpose this Section 3.5 describes and for Tenant's own account. Tenant shall be responsible for all costs and expenses associated with Tenant's audit, as well as attorneys' fees and related costs of both Landlord and Tenant relating to the decision of the Independent CPA (collectively, "**Audit Costs**"); provided, however, that if the parties' final resolution of the dispute involves the overstatement by Landlord of Tenant's Share of Property Expenses for such calendar year in excess of three percent (3%) in the aggregate, then Landlord shall be responsible for all Audit Costs. In no event shall the payment by Tenant of any Property Expense payment, or any amount on account thereof, preclude Tenant from exercising its rights under this Section 3.5.

3.6 Personal Property Taxes. Tenant will pay, prior to delinquency, all taxes charged against Tenant's Personal Property. Tenant will use all reasonable efforts to have Tenant's Personal Property taxed separately from the Property. If any of Tenant's Personal Property is taxed with the Property, Tenant will pay the taxes attributable to Tenant's Personal Property to Landlord as Additional Rent.

3.7 Landlord's Right to Contest Property Taxes. Landlord may, but is not obligated to, contest the amount or validity, in whole or in part, of any Property Taxes. If Property Taxes are reduced (or if a proposed increase is avoided or reduced) because Property Taxes are contested, Landlord may include in its computation of Property Taxes the costs and expenses incurred in connection with such contest, including, without limitation, reasonable attorney's fees, up to the amount of any Property Tax reduction obtained in connection with the contest or any Property Tax increase avoided or reduced in connection with the contest, as the case may be. Tenant may not contest Property Taxes except as provided herein. Landlord will make a good faith determination of the reasonableness of the Property Taxes and will contest Property Taxes if it reasonably determines the Property Taxes to be unreasonable and not consistent with buildings of similar size, use, age and location.

Article 4 — Tenant's Use

4.1 Permitted Use. Tenant will use the Premises only for the permitted use specified in the Basic Terms and may not use the Premises for any other purposes. Tenant will not use the Property or permit the Premises to be used in violation of any Laws or in any manner that would (a) violate any certificate of occupancy affecting the Property; (b) violate any insurance now or after the Effective Date in force with respect to the Property; (c) cause injury or damage to the Property or to the person or property of any other tenant on the Property; or (d) cause substantial diminution in the value or usefulness of all or any part of the Property (reasonable wear and tear excepted). Tenant will not commit any nuisance or waste in, on or about the Premises or the Property. Tenant will obtain and maintain, at Tenant's sole cost and

expense, all permits and approvals required under the Laws for Tenant's use of the Premises. Except when and where Tenant's right of access is specifically excluded as the result of (i) an emergency, (ii) a requirement by applicable Laws, or (iii) a specific provision set forth in this Lease, Tenant shall have the right of access to the Premises, the Building, the Property 24 hours per day, seven days per week during the Term.

4.2 Acceptance of Premises. Except as expressly provided in Section 17.7, (a) Tenant acknowledges that neither Landlord nor any agent, contractor or employee of Landlord has made any representation or warranty of any kind with respect to the Premises, the Building or the Property, specifically including, without limitation, any representation or warranty of suitability or fitness of the Premises, Building or the Property for any particular purpose; and (b) Tenant's acceptance and occupancy of the Premises conclusively establishes Tenant's acceptance of the Premises, the Building and the Property in an **"AS IS—WHERE IS" condition**, subject to Landlord's obligations with respect to the construction of Tenant's Improvements under Article 17 (including, without limitation, the warranty-related obligations therein set forth), and Landlord's repair and maintenance obligations expressly set forth herein.

4.3 Laws/Property Rules. This Lease is subject and subordinate to all Laws. A copy of the current Property Rules is attached to this Lease as Exhibit E. Landlord may revise the Property Rules from time to time in Landlord's reasonable discretion provided that such Property Rules shall be enforced in a non-discriminatory matter and in the case of any conflict between such Property Rules and the terms of this Lease, the terms of this Lease shall control. Landlord shall comply with all applicable Laws relating to the Property and Building, provided that compliance with such applicable Laws is required by the enforcing authorities, is not required as a result of Tenant's particular use (as opposed to general warehouse use), and is not otherwise the responsibility of Tenant under this Lease.

4.4 Claims Arising From Tenant's Use. Except for the Claims waived by Landlord in Section 10.3.2, Tenant will, to the fullest extent allowable under the Laws, indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties from and against all Claims arising from (a) any use of the Premises or Property by Tenant that violates the terms of this Lease, (b) any breach or default by Tenant in the performance of any of Tenant's covenants or agreements in this Lease, (c) any act, omission, negligence or misconduct of Tenant, (d) any accident, injury, occurrence or damage in or to the Premises, and (e) if caused in whole or in part by Tenant, any accident, injury, occurrence or damage in, about or to the Property; provided, however, the foregoing indemnity shall not apply to any claims which arise out of or result from the gross negligence or willful misconduct of or breach of this Lease by any Landlord Party.

4.5 Increased Insurance. Tenant will not do on the Property or permit to be done on the Premises anything that will (a) increase the premium of any insurance policy that Landlord carries covering the Premises or the Property (and Landlord will promptly provide Tenant with notice if Landlord becomes aware that any such action will increase such premium); (b) cause a cancellation of or be in conflict with any such insurance policy; (c) result in any insurance company's refusal to issue or continue any such insurance in amounts satisfactory to Landlord; or (d) subject Landlord to any liability or responsibility for injury to any person or property by reason of Tenant's operations in the Premises or use of the Property. Tenant, at Tenant's sole cost and expense, will comply with all commercially reasonable rules, orders, regulations and requirements of insurers and of the American Insurance Association or any other organization performing a similar function of which it is made aware in writing. If Landlord notifies Tenant that any action will result in (i) an increase in the premium, (ii) cancelation of any insurance policy that Landlord carries covering the Premises or the Property, or (iii) any insurance company's refusal to issue or continue any such insurance in amounts satisfactory to Landlord, and Tenant fails to cease such action within ten Business Days after delivery of such notice, then Tenant will reimburse Landlord, as Additional Rent and within 30 days following written demand, for any additional premium charges for such policy or policies resulting from Tenant's failure to comply with the provisions of this Section 4.5.

4.6 Parking. Subject to this Section 4.6, Landlord will make available on the Property a parking area or areas containing spaces for 450 automobiles and 120 semi-trailers, as generally designated on the Site Plan for the exclusive use of Tenant, and its employees and invitees. All of such parking areas and the use thereof will be subject to Laws and such reasonable, non-discriminatory rules and regulations as Landlord may from time to time institute. Landlord reserves the right to designate areas of the appurtenant parking facilities where Tenant, and its agents, contractors, employees, invitees or licensees, will park, and may exclude Tenant, and its agents, contractors, employees, invitees or licensees, from parking in other areas as designated by Landlord; provided, however, that Landlord will not be liable to Tenant for the failure of any tenant or other person or entity, or their respective agents, contractors, employees, invitees or licensees, to abide by Landlord's designations or restrictions.

4.7 Signage. Subject to this Section 4.7 and otherwise except as specifically approved in writing by Landlord (which shall not be unreasonably withheld or conditioned and shall be granted or denied within ten Business Days after Tenant's written request), Tenant will not place, or permit to be placed or maintained, on any exterior door, wall or window of the Premises any sign, awning or canopy, or advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door, or that can be seen through the glass, of the Premises. Tenant will maintain such sign, awning, canopy, decoration, lettering, advertising matter or thing as may be approved, in good condition and repair at all times. Tenant, at its sole cost and expense, will maintain any such permitted signage in good condition and repair at all times, and in conformance with all applicable Laws and with all of Landlord's sign criteria, if any, as to design, material, color, location, size, letter style, and method of installation. Notwithstanding the foregoing or anything else to the contrary herein, Tenant will be permitted to place one identification sign on each exterior façade of the Building and one "totem" identification sign that is visible from Route 1-15 (all of which signs may be lighted, if and to the extent permitted by the applicable municipal authorities and other applicable Laws); provided, however, that the design of such Building signage and such "totem" sign, as well as the specific location of each, will be subject to Landlord's reasonable approval (to be granted or denied within ten Business Days after Tenant's written request). All such signage will be installed, maintained and removed at Tenant's sole cost and expense, and must comply with the other requirements of this Lease and with all Laws (including, without limitation, any limitations required by the local municipality with respect to the size or other characteristics of Tenant's exterior Building and "totem" signs). Landlord shall not have the right to install, affix and/or maintain any signs on the exterior or in the interior of the Premises or Building (other than for purposes of re-leasing the Premises during the last 12 months of the Term).

4.8 Tenant's Security System. Subject to the requirements of Article 8, Landlord shall not unreasonably withhold or condition its consent (which consent shall be granted or denied within fifteen Business Days after Tenant's written request) to a proposal by Tenant to install, maintain and replace from time to time, at Tenant's sole cost and expense, Tenant's own security system in the Premises ("**Tenant's Security System**"); provided, however, and notwithstanding the foregoing, that Landlord shall have the right to access the Premises in the event of an emergency and Tenant shall provide Landlord with the necessary access codes, keys or similar means necessary for Landlord to be able to access the Premises. Notwithstanding the foregoing, Tenant's Security System (including, without limitation, the operation, installation, maintenance, repair, replacement and removal thereof) shall be subject to, and in compliance, with all applicable Laws. Tenant shall be solely responsible for the cost and expense of obtaining and maintaining any necessary permits for Tenant's Security System and any licenses related thereto, and for the cost and expense of maintenance and utilities for Tenant's Security System, if any. The means and method of installation of Tenant's Security System in the Building shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld or conditioned (which approval shall

be granted or denied within fifteen Business Days after Tenant's written request). Tenant shall be responsible for the repair of any damage to any portion of the Premises and/or Building caused by Tenant's installation, use or removal of Tenant's Security System. All rights and remedies of Landlord under this Lease shall apply in the event Tenant fails to install and/or maintain Tenant's Security System as herein required. Upon the expiration or earlier termination of this Lease, Tenant shall cause, and shall pay all costs associated with, the removal of Tenant's Security System and the restoration of the Premises where Tenant's Security System is located to as near its original condition as may then be reasonably required by Landlord.

4.9 Roof Rights. Subject to the requirements of Article 8, Tenant shall be permitted to use the roof of the Building to install, maintain and replace from time to time certain equipment ("**Rooftop Equipment**"), provided that (a) Landlord first reasonably approves the plans, specifications, size, location, and method of attachment of the Rooftop Equipment, (b) Tenant shall comply with all applicable Laws with respect to the operation, installation, maintenance, repair, replacement and removal of the Rooftop Equipment, (c) Tenant shall comply with any roof bond and/or warranty with respect to the Building (including, without limitation, being required to use Landlord's designated roofing contractor), (d) the Rooftop Equipment shall not be visible from street level, and (e) the Rooftop Equipment shall not interfere with any existing rooftop equipment or Building systems. Tenant shall be responsible for the repair of any damage to any portion of the Building caused by the operation, installation, maintenance, repair, replacement and removal of the Rooftop Equipment. The Rooftop Equipment shall remain the exclusive property of Tenant, and Tenant shall have the right to remove same at any time during the term of the Lease. Upon the expiration or earlier termination of the Lease, Tenant shall be required to remove the Rooftop Equipment (and any associated cabling and wiring) and to restore any portion of the Building affected thereby to the condition existing prior to the installation of such Rooftop Equipment. Tenant shall protect, defend, indemnify and hold harmless the Landlord Parties from and against any and all Claims imposed upon or incurred by or asserted against any one or more of the Landlord Parties arising out of Tenant's operation, installation, maintenance, repair, replacement and removal of the Rooftop Equipment, which indemnity shall survive the expiration or earlier termination of the Lease.

Article 5 — Hazardous Materials

5.1 Compliance with Hazardous Materials Laws. Tenant will not cause or permit any Hazardous Materials to be brought upon, kept or used on the Property in a manner or for any purpose that violates any Hazardous Materials Laws. Tenant, at its sole cost and expense, will comply with all Hazardous Materials Laws related to Tenant's use of the Property. On or before the expiration or earlier termination of this Lease, Tenant will completely remove from the Property (regardless of whether any Hazardous Materials Law requires removal), in compliance with all Hazardous Materials Laws, at Tenant's sole cost and expense, and in a manner reasonably acceptable to Landlord, all Hazardous Materials that Tenant causes or permits to be present in, on, under or about the Property. Upon Landlord's written request, Tenant will promptly deliver to Landlord documentation reasonably acceptable to Landlord disclosing the nature and quantity of any Hazardous Materials that Tenant has located (or permitted to be located) at the Property and evidencing the legal and proper handling, storage and disposal of all Hazardous Materials kept at or removed or to be removed from the Property by Tenant. All such documentation will list Tenant or its agent as the responsible party and will not attribute responsibility for any such Hazardous Materials to Landlord or Property Manager. All reporting and warning obligations required under Hazardous Materials Laws arising from Tenant's use or occupancy of the Premises or Property are Tenant's sole responsibility. Tenant will not apply for or maintain any permits, licenses or other governmental approvals for the transportation, storage, use or disposal of Hazardous Materials on the Property without having first obtained Landlord's prior written approval (which approval shall not be unreasonably withheld, conditioned or delayed).

5.2 Notice of Actions. Tenant will notify Landlord of any of the following actions affecting Landlord, Tenant or the Property that results from or in any way relates to Tenant's use of the Property immediately after receiving notice of the same: (a) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened under any Hazardous Materials Law; (b) any Claims made or threatened relating to any Hazardous Material; and (c) any reports, records, letters of inquiry and responses, manifests or other documents made by any person, including Tenant, to or from any environmental agency relating to any Hazardous Material, including, without limitation, any complaints, notices, warnings or asserted violations. Tenant will not take any remedial action in response to the presence of any Hazardous Materials in, on, under or about the Property, nor enter into any settlement agreement, consent decree or other compromise with respect to any Claims relating to or in any way connected with Hazardous Materials in, on, under or about the Property, without first notifying Landlord of Tenant's intention to do so and affording Landlord reasonable opportunity to investigate, appear, intervene and otherwise assert and protect Landlord's interest in the Property.

5.3 Hazardous Materials Indemnification. Tenant, to the fullest extent allowable under the Laws, will indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties from and against any and all Claims whatsoever arising or resulting, in whole or in part, directly or indirectly, from the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under, about or from the Property (including water tables and atmosphere), but only to the extent arising from Tenant's use or occupancy of the Premises or Property. Tenant's obligations under this Section 5.3 include, without limitation, and whether foreseeable or unforeseeable, (a) the costs of any required or necessary repair, compliance, investigations, clean-up, monitoring, response, detoxification or decontamination of the Property; (b) the costs of implementing any closure, remediation or other required action in connection therewith; (c) the value of any loss of use and any diminution in value of the Property and adjacent and nearby properties, including groundwater; and (d) consultants' fees, experts' fees and response costs. The obligations of Tenant under this Article 5 will survive the expiration or earlier termination of this Lease.

5.4 Landlord's Representation and Warranty. Landlord represents and warrants to Tenant that, as of the Effective Date, to Landlord's actual knowledge and except as set forth in any environmental assessment reports that Tenant has obtained, or that Landlord has obtained and delivered to Tenant, including, without limitation, that certain Final Phase I Environmental Site Assessment — NWC of I-15 and N Lamb Boulevard, Parcels 123-31-502¬001/123-31 -602-003/123-31-602-004/123-30-801 -004, North Las Vegas, Clark County, Nevada — prepared by Advantage Environmental Consultants, LLC (AEC Project No. 16-095N), dated August 9, 2016, a copy of which has heretofore been delivered to Tenant, no Hazardous Materials (including, without limitation, asbestos or asbestos containing materials) are located on or in the Property in violation of Hazardous Materials Laws.

5.5 Landlord's Indemnification. To the fullest extent allowable under the Laws, Landlord will indemnify, protect, defend (with counsel reasonably acceptable to Tenant) and hold harmless Tenant and each of Tenant's officers, directors, partners, employees, agents, attorneys, successors and assigns from and against any and all Claims whatsoever arising or resulting, in whole or in part, directly or indirectly, from the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under, about or from the Property (including water tables and atmosphere), but if and only to the extent caused by Landlord or any Landlord Parties. In the event that Tenant is prevented from using, and does not use, the Premises or any portion thereof, as a result of the presence of Hazardous Materials on the Property caused by Landlord or any Landlord Parties in violation of Hazardous Materials Laws, which poses a material health risk to the environment or the Premises ("**HazMat Abatement Event**"), then Tenant shall give Landlord notice thereof, and if such HazMat Abatement Event continues for five consecutive Business Days after Landlord's receipt of any such notice, or occurs for ten non-consecutive Business Days in a twelve-month period (provided Landlord is sent a written notice of each of such HazMat Abatement

Event) (in either of such events, the "**HazMat Eligibility Period**"), then the Basic Rent and Tenant's Share of Property Expenses shall be abated or reduced, as the case may be, after the expiration of the HazMat Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use, the Premises, or a portion thereof. The obligations of Landlord under this Article 5 will survive the expiration or earlier termination of this Lease.

Article 6 — Services and Utilities

6.1 Services and Utilities. Tenant is solely responsible for obtaining all services and utilities that Tenant desires in connection with Tenant's use and occupancy of the Premises. Tenant is also solely responsible for paying directly to the applicable service or utility companies, prior to delinquency, all charges of every nature, kind or description for services and utilities furnished to the Premises or chargeable against the Premises (including, without limitation, any deposits required or charges imposed by any utility or service company as a condition precedent to furnishing or continuing to furnish utilities or services to the Premises), including, without limitation, all charges for water, sewer, heat, gas, light, garbage and rubbish removal (subject to Section 6.2), electricity, telecommunications, cable, steam, power, or other public or private utilities and services and any charges or fees for present or future water or sewer capacity to serve the Premises. Tenant will also pay all charges relating to any addition, extension, relocation, or other change in the facilities necessary to provide the Premises with any additional utilities and services. No interruption in, or temporary stoppage of, any utility or service to the Premises will be deemed an eviction or disturbance of Tenant's use and possession of the Premises, nor does any interruption or stoppage relieve Tenant from any obligations under this Lease, render Landlord liable for damages or entitle Tenant to any Rent abatement, except as expressly provided below in this Section 6.1. In the event of any failure, stoppage or interruption thereof, Landlord shall use commercially reasonable efforts to assist Tenant to restore all services promptly, to minimize interference with Tenant's business in the Premises, and to provide Tenant with at least 24 hours' prior oral, telephonic or electronic notice of any planned shutdowns of electrical power within the Building or any planned shutdowns by the utility serving the Building (to the extent Landlord has actual notice thereof), excluding emergency shut downs for which Landlord is unable to provide such notice. Further, in the event of any interruption in, or temporary stoppage of, utility services to the Premises, which interruption or stoppage is within the reasonable control of Landlord (or which is caused by or results from the gross negligence or willful misconduct of any Landlord Party) and which also continues for five consecutive Business Days after Tenant has given Landlord oral, telephonic or electronic notice thereof, then all Basic Rent and Tenant's Share of Property Expenses with respect to that portion of the Premises that is rendered untenantable as a result of such interruption or stoppage, will thereafter abate until the earlier of the date on which such services are re-instituted or the interruption or stoppage is no longer within Landlord's reasonable control.

6.2 Garbage and Rubbish Disposal. All garbage, rubbish, trash and refuse generated by or in connection with Tenant's use of the Premises will be stored in covered, rodent proof containers within or immediately adjacent to the Premises, and Tenant will be responsible for the removal thereof from the Property. Landlord will have the right to reasonably approve the contractor used by Tenant for removal of Tenant's garbage, rubbish, trash and refuse and, if Landlord designates an independent contractor for such purpose, Tenant will use such contractor to the exclusion of all other collection services, so long as the rates charged by such independent contractor are competitive and such contractor is reasonably available to perform such services. Tenant will pay the charges for such service directly to such contractor. Tenant, or its contractor, will not utilize dumpsters, trash compactors or other rubbish containers situated outside the Premises without the prior written consent of Landlord, which Landlord may withhold in its reasonable discretion. If such approval is granted, Tenant will maintain such exterior dumpsters, compactors or containers and the surrounding area in good and slightly condition and in compliance with Laws. Anything in this Section 6.2 to the contrary notwithstanding, Landlord reserves the right during the Term to elect to provide trash removal services for the dumpsters allocated to the Premises, in which event Landlord will engage a third party vendor to provide such services at competitive rates and will bill Tenant from time to time for Tenant's proportionate share thereof, as reasonably determined by Landlord, which proportionate share will be Additional Rent hereunder.

Article 7 — Maintenance and Repair

7.1 Landlord's Obligations. Landlord will keep and maintain in good order, condition and repair, reasonable wear and tear excepted, (a) the exterior surfaces of the exterior walls (excluding windows and plate glass) and roof (including the roof membrane) of the Building, (b) the structural integrity of the footings, foundation, exterior walls, roof and other structural elements of the Building, (c) any equipment that is located outside of the Building and serves both the Building and other buildings that are not located on the Land, (d) to the extent not the responsibility of the applicable utility provider, the utility (including electricity, water and sewer) and sprinkler systems, facilities, fixtures and components on the Property up to the point that such systems, facilities, fixtures and components enter the Premises or connect to the meter serving the Premises (if applicable), and (e) the Common Area. The references to the Building in clauses (a), (b), (c) and (d) in the immediately preceding sentence will also mean the Premises, as the Premises constitute the entire Building. Landlord will also perform any repairs or replacements to the Premises or Property necessitated by Casualty or Taking, subject to the provisions of Articles 11 and 12. Except as expressly set forth in this Lease, neither Basic Rent nor Additional Rent will be reduced, nor will Landlord be liable, for loss or injury to or interference with Tenant's property, profits or business arising from or in connection with Landlord's performance of its obligations under this Section 7.1. In performing its obligations under this Section 7.1, Landlord will use commercially reasonable efforts to minimize interference with Tenant's business in the Premises, including, without limitation, reasonably scheduling all non-emergency work with Tenant.

7.2 Tenant's Obligations.

7.2.1 Maintenance of Premises. Except for Landlord's obligations expressly set forth in Section 7.1, Tenant, at its sole cost and expense, will keep and maintain the Premises in good, clean, sanitary, neat and fully operative condition and repair, reasonable wear and tear excepted; provided, however, to the extent that any maintenance or repairs are required due to the negligence or willful misconduct of any Landlord Party, Landlord shall be responsible for promptly completing such repairs or maintenance at its sole cost and in accordance with the applicable terms of this Lease. Tenant's obligations under this Section 7.2.1 include, without limitation, maintenance and repair (including, without limitation, replacements) of all (a) non-structural interior portions, systems and equipment; (b) interior surfaces of exterior walls; (b) interior moldings, partitions and ceilings; (c) slab and floors; (d) windows, plate glass, and doors; (e) lighting, mechanical, heating and air conditioning systems, facilities, fixtures and components serving the Premises, and (f) the utility systems (including electricity, water and sewer) and sprinkler systems, facilities, fixtures and components serving the Premises from the point that such systems, facilities, fixtures and components enter the Premises or connect to the meter serving the Premises (if applicable). Any repairs or replacements performed by Tenant must be at least equal in quality and workmanship to the original work and be in accordance with all Laws. Tenant, will at all times and at Tenant's sole cost and expense, keep a preventative maintenance and repair contract in force and effect for the heating, air conditioning and ventilation system serving the Premises. Such contract (including, without limitation, the schedule and scope of services provided and the identity and capabilities of the contractor) must be approved by Landlord in Landlord's reasonable discretion.

7.2.2 Tenant Damage. Notwithstanding anything to the contrary in Section 7.1 or elsewhere in this Lease, if any Tenant Damage occurs Landlord may, at Landlord's option and in Landlord's sole discretion, require Tenant to (a) pay to or reimburse Landlord for the actual reasonable cost of any repairs or replacements necessitated by such Tenant Damage that are performed by Landlord, and (b) perform, at Tenant's sole cost and expense, any repairs or replacements necessitated by such Tenant Damage that are not performed by Landlord.

7.2.3 Alterations Required by Laws. If any governmental authority requires any Alteration to the Property or the Premises as a result of Tenant's particular use of the Premises or as a result of any Alteration to the Premises made by or on behalf of Tenant, or if Tenant's particular use of the Premises subjects Landlord or the Property to any obligation under any Laws, Tenant will pay the cost of all such Alterations or the cost of compliance, as the case may be. If any such Alterations are Major Alterations, Landlord will have the right to make the Major Alterations, provided that Landlord may first require Tenant to deposit with Landlord an amount reasonably sufficient to pay the cost of the Major Alterations (not including any overhead or administrative costs of Landlord, but including, without limitation, reasonable fees to Landlord's contractors). Subject to the immediately preceding sentence, Tenant will make the Alterations at Tenant's sole cost and expense in accordance with Article 8.

7.2.4 Notice to Landlord. If Tenant believes any maintenance or repair that Landlord is obligated under Section 7.1 to perform is needed at the Property, Tenant will promptly provide written notice to Landlord specifying in detail the nature and extent of any condition requiring maintenance or repair. Landlord will not be deemed to have failed to perform its obligations under Section 7.1 with respect to any maintenance or repair unless Tenant has provided such written notice and Landlord has had a commercially reasonable time within which to respond to such notice and effect the needed maintenance or repair. Subject to this Section 7.2.4, if Landlord either (a) fails to commence the repairs or maintenance required under Section 7.1, within five Business Days for non-emergency conditions or two Business Days for emergency conditions (*i.e.*, a condition that creates an imminent and substantial risk of personal injury or substantial property damage), plus in each case any number of days that Landlord's ability to commence or complete such cure is delayed or interrupted by any Tenant Delays or other Force Majeure, after receipt of written notice from Tenant identifying such failure ("**Self-Help Notice**"), (b) timely commences to cure such required repairs or maintenance after receipt of the Self-Help Notice but thereafter fails to diligently (subject to Tenant Delays or other Force Majeure) prosecute such cure to completion, or (c) fails to dispute in good faith (with reasons stating the basis of its dispute) Tenant's rights to self-help within five Business Days for non-emergency conditions or two Business Days for emergency conditions after receipt of the Self-Help Notice, then Tenant shall have the right (but not the obligation) to take commercially reasonable actions to effect such required repairs or maintenance, in which event Landlord shall reimburse Tenant for the actual, reasonable out-of-pocket costs and expenses incurred and paid by Tenant in connection therewith within 30 days after Tenant's delivery to Landlord of a written invoice therefor, accompanied by reasonable supporting documentation. Notwithstanding the foregoing, Tenant may not undertake any repairs or maintenance under this Section 7.2.4 that affects the structure or roof of the Building, or any (or portions of any) systems or utility lines located outside of the Building, unless (i) there is a condition that materially adversely affects Tenant's operations at the Premises and creates an imminent and substantial risk of personal injury, and (ii) Landlord fails to commence the repairs or maintenance required under Section 7.1 within five Business Days, plus any number of days that Landlord's ability to commence or complete such cure is delayed or interrupted by any Tenant Delays or other Force Majeure, after Tenant's delivery of a second Self-Help Notice.

Article 8 — Alterations

8.1 Landlord Approval. Tenant will not make any Major Alterations without Landlord's prior written consent, which consent Landlord may grant, withhold or condition in Landlord's sole and absolute discretion. Tenant will not make any other Alterations without Landlord's prior written consent, which consent Landlord will not unreasonably condition or withhold (and shall be granted or denied within ten Business Days of Tenant's written request therefor). Along with any request for Landlord's consent, Tenant will deliver to Landlord plans and specifications for the Alterations and names and addresses of all

prospective contractors for the Alterations. If Landlord approves the proposed Alterations, Tenant will, before commencing the Alterations or delivering (or accepting delivery of) any materials to be used in connection with the Alterations, deliver to Landlord certificates evidencing the insurance coverages and copies of any bonds required by Section 8.2, copies of all necessary permits and licenses, and such other information relating to the Alterations as Landlord reasonably requests. Tenant will not commence the Alterations before Landlord has provided Landlord's written approval of the foregoing deliveries (or has failed to provide such written approval within ten Business Days after Tenant's delivery of the foregoing). Tenant will remove any Alterations that Tenant constructs without obtaining Landlord's approval (to the extent required hereunder) as provided in this Article 8 within ten Business Days after Landlord's written request, unless Landlord has notified Tenant, in writing, that such removal will not be required. Notwithstanding anything herein to the contrary, Tenant may make Alterations (that are not Major Alterations) without obtaining Landlord's 'prior written consent, provided that (a) the aggregate costs of such Alterations do not exceed $500,000.00 in any one calendar year, or $2,000,000.00 during the Term, and (b) Tenant has delivered prior written notice of such Alterations to Landlord, as well as the budget and costs thereof, together with a copy of the plans therefor (in cases where plans or a permit are required). Further, Landlord's consent shall not be required with respect to cosmetic changes (such as changing carpets, floor coverings, wall coverings, and paint, cabling and wiring).

8.2 Tenant Responsible for Cost and Insurance. Tenant will pay the entire cost and expense of all Alterations, including, without limitation, for any painting, restoring or repairing of the Premises or the Property necessitated by the Alterations and a reasonable charge for Landlord's review, inspection and engineering time. Tenant will also obtain and require (a) demolition (if applicable) and payment and performance bonds in an amount not less than the full cost of the Alterations, if and to the extent reasonably required by Landlord (but only when the Alterations affect the roof or structure of the Building or cost in excess of $500,000.00); (b) builders risk or special form insurance in an amount at least equal to the replacement value of the Alterations; and (c) liability insurance insuring Tenant and each of Tenant's contractors against construction related risks in at least the form, amounts and coverages required of Tenant under Article 10. The insurance policies described in clauses (b) and (c) of this Section 8.2 must name Landlord, Landlord's lender (if any) and Property Manager as additional insureds, specifically including completed operations.

8.3 Construction Obligations; Ownership of Alterations. Tenant will notify Landlord in writing 10 days prior to commencing any Alterations in order to provide Landlord the opportunity to record and post notices of non-responsibility or such other protective notices available to Landlord under the Laws. Tenant will cause all Alterations to be constructed (a) promptly by contractors reasonably approved by Landlord as provided above and to the extent Landlord has consent rights over such Alterations; (b) in a good and workmanlike manner; (c) in compliance with all Laws; (d) in a manner that will minimize interference with other tenants' use and enjoyment of the Property; and (e) in full compliance with all of Landlord's reasonable, non-discriminatory rules and regulations applicable to third party contractors, subcontractors and suppliers performing work at the Property (Landlord's current rules and regulations in this regard are set forth on the attached Exhibit I). Landlord may inspect construction of the Alterations. All Alterations (including, without limitation, all telephone, computer, security and other wiring and cabling located within the walls of and outside the Premises, but excluding Tenant's Personal Property) become the property of Landlord and a part of the Building immediately upon installation. Unless Landlord requires Tenant to remove the Alterations at the time Landlord consents thereto (with respect to Alterations that require Landlord's consent), Tenant will surrender the Alterations to Landlord upon the expiration or earlier termination of this Lease at no cost to Landlord; provided, however, that in all cases, Tenant will be required to comply with the restoration requirements set forth in Exhibit H attached hereto and made a part hereof. Notwithstanding the foregoing or anything to the contrary herein, Landlord may only require the removal of any Alterations to the extent the same consist of (or are of a scope that constitutes) non-typical warehouse and ancillary general office use improvements.

8.4 Liens. Tenant will keep the Property free from any mechanics', materialmen's', designers' or other liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant. Immediately after completing the Alterations, Tenant will furnish Landlord with contractor affidavits and full and final lien waivers covering all labor and materials expended and used in connection with the Alterations. If any liens are filed against the Property and Tenant, within 15 days after written notice of such filing, does not release the same of record or provide Landlord with a bond or other security satisfactory to Landlord protecting Landlord and the Property against such liens, Landlord may, without waiving its rights and remedies based upon such breach by Tenant and without releasing Tenant from any obligation under this Lease, cause such liens to be released by any means Landlord deems proper, including, without limitation, paying the claim giving rise to the lien or posting security to cause the discharge of the lien. In such event, Tenant will reimburse Landlord, as Additional Rent and within 30 days after Tenant's receipt of a written invoice therefor, for all amounts Landlord pays (including, without limitation, reasonable attorneys' fees and costs). Tenant will give Landlord not less than ten Business Days' notice prior to the commencement of any work in the Premises by Tenant, and Landlord will have the right to post notices of non-responsibility in or on the Premises or the Building as provided by Law. Prior to the commencement of any work in the Premises by Tenant, Tenant will comply with all applicable laws and ordinances, including, without limitation, mechanic lien statutes NRS 108.2403 through NRS 108.2415. Prior to commencing any work, Tenant will, in accordance with NRS 108.2403, record a notice of posted security and either (i) establish a construction disbursement account and fund the account in an amount equal to the total cost of the work of improvement, obtain the services of a construction control to administer the construction disbursement account, and notify each person who gives Tenant a notice of right to lien of the establishment of the construction disbursement account; or (ii) record a surety bond from a surety licensed to do business in Nevada in an amount equal to not less than 1.5 times the total amount of the construction contract, naming Landlord as an obligee under the surety bond. The surety bond will be recorded in accordance with applicable law (*i.e.*, NRS 108.2415 to 108.2425), inclusive), before commencement of the construction, alternation or repair of the work of improvement and must be payable upon default by Tenant of any undisputed amount pursuant to the construction contract that is due and payable to the prime contractor for more than 30 days. Any Alterations in, on or about the Premises, will be performed in compliance with all applicable laws and ordinances, including, without limitation, NRS 108.2403 (requiring Tenant to record a notice of posted security, and either establish a construction disbursement account or record a surety).

8.5 Indemnification. To the fullest extent allowable under the Laws, Tenant releases and will indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties and the Property from and against any Claims in any manner relating to or arising out of any Alterations or any other work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant (except to the extent arising out of or resulting from the negligence or willful misconduct of any Landlord Party).

8.6 Labor Obligations. Landlord has informed Tenant of the possibility, if Tenant, or any of its contractors, subcontractors, sub-subcontractors, employees or agents, uses or employs non-union labor in connection with any work performed pursuant to this Lease (including, without limitation, Section 8.1 hereof), that such use may occasion labor disputes, work stoppages or other delays or difficulties in Landlord's construction of the Building and Tenant's Improvements, Landlord's management of the Property, or the fulfillment of other obligations of Landlord under this Lease. Accordingly, and anything in this Lease to the contrary notwithstanding, (a) Landlord will not be liable or responsible for any delays in the performance of the construction of the Building or Tenant's Improvements, or in any other obligations of Landlord hereunder, which may result from any such use or employment of non-union labor; and (b) Tenant will indemnify, defend and hold harmless Landlord, and its officers, directors, shareholders, employees and agents, from and against any and all losses, costs, claims and other damages arising out of or in connection with the use or employment of non-union labor, including, without limitation, costs relating to delays in Landlord's prosecution of its work at the Property and reasonable attorneys' fees and costs.

Article 9 — Rights Reserved by Landlord

9.1 Landlord's Entry. Landlord and its authorized representatives may at all reasonable times and upon 24 hours' prior written, telephonic or electronic notice to Tenant, except in the case of an emergency in which case no notice shall be required, enter the Premises to (a) inspect the Premises; (b) show the Premises to prospective purchasers, mortgagees and, within the last 9 months of the Term, tenants; (c) post notices of non-responsibility or other protective notices available under the Laws; or (d) exercise and perform Landlord's rights and obligations under this Lease. Landlord may in the event of any emergency enter the Premises without notice to Tenant. Landlord's entry into the Premises are not to be construed as a forcible or unlawful entry into, or detainer of, the Premises or as an eviction of Tenant from all or any part of the Premises. Landlord will use commercially reasonable efforts not to interfere unreasonably with Tenant's use of the Premises, to perform any entries in an expeditious manner and to schedule entries into the Premises under this Section 9.1 with Tenant so that Tenant, at Tenant's option, may provide a representative to accompany Landlord. Landlord will not take photographs of any active work areas in the Premises without Tenant's prior consent, and Landlord use efforts that are substantially similar to the efforts Landlord would use in protecting its own confidential information, not to disclose any confidential information obtained by any entry into the Premises by Landlord or its employees, agents or contractors. Notwithstanding anything to the contrary set forth in this Section 9.1, Tenant may designate certain limited areas of the Premises as "Secured Areas" should Tenant require such areas for the purpose of securing certain valuable property or confidential information. In connection with the foregoing, Landlord shall not enter such Secured Areas except in the event of an emergency subject to Landlord's compliance with the terms of this Section 9.1.

9.2 Control of Property. Landlord reserves all rights respecting the Property and Premises not specifically granted to Tenant under this Lease, including, without limitation, the right to (a) change the name or street address of the Building; (b) designate and approve all types of signs, window coverings, lighting and other aspects of the Premises that may be visible from the exterior of the Premises; (c) grant any party the exclusive right to conduct any business or render any service in the Property, provided such exclusive right does not prohibit Tenant from any permitted use for which Tenant is then using the Premises; (d) install and maintain pipes, ducts, conduits, wires and structural elements in the Premises that serve other parts or other tenants of the Property; (e) to the extent that such items could damage the floor slab of the Premises, reasonably approve the weight, size and location of safes and other heavy equipment and articles in and about the Premises and the Property and to require all such items to be moved into and out of the Property and the Premises only at such times and in such manner as Landlord will reasonably direct in writing; and (f) retain and receive master keys or pass keys to the Premises and all doors in the Premises. In exercising the foregoing rights, Landlord will use commercially reasonable steps not to interfere unreasonably with, or to preclude, Tenant's use of or access to the Premises. Notwithstanding the foregoing, Landlord is not responsible for the security of persons or property on or about the Property and Landlord is not and will not be liable in any way whatsoever for any criminal activity or any breach of security on or about the Property.

9.3 Common Area. Except as required by Laws, Landlord shall not make any changes, alterations, additions, deletions, improvements, repairs or replacements in or to the Common Area without the prior written consent of Tenant (which consent will not be unreasonably withheld, conditioned or delayed). Landlord's rights regarding the Common Area include, without limitation, the right to (a) restrain unauthorized persons from using the Common Area; (b) temporarily close any portion of the Common Area; (c) change the shape and size of the Common Area; (d) add, eliminate or change the location of any improvements located in the Common Area and construct buildings or other structures in the Common

Area; and (e) impose and revise Property Rules concerning use of the Common Area, including, without limitation, any parking facilities comprising a portion of the Common Area. Notwithstanding the foregoing, Landlord will not exercise such rights in a manner that unreasonably interferes with Tenant's access to and use of the Premises. Except as otherwise provided in this Lease or as required by Laws, the manner in which the Common Area is maintained and operated shall be at the reasonable discretion of Landlord, provided that Landlord shall maintain and operate the same in a manner that is substantially consistent with comparable projects in North Las Vegas, Nevada ("**Comparable Projects**").

9.4 Right to Cure. If Tenant fails to perform any of Tenant's obligations under this Lease, Landlord may, but is not obligated to, perform any such obligation on Tenant's part without waiving any rights based upon such failure and without releasing Tenant from any obligations hereunder; provided, however, that Landlord shall provide Tenant within a minimum of five Business Days advance written notice of its intent to do so (except in emergencies) and Tenant shall have failed to commence a cure within such five-Business Day period and to have prosecuted such cure to completion as promptly as practicable. Tenant must pay to or reimburse Landlord for, as Additional Rent and within 30 days after receipt of written invoice therefor, all expenditures reasonably made and obligations reasonably incurred by Landlord pursuant to this Section 9.4.

Article 10 — Insurance

10.1 Tenant's Insurance. Tenant will at all times during the Term and during any early occupancy period, at Tenant's sole cost and expense, maintain the insurance this Section 10.1 requires.

10.1.1 Liability Insurance. Tenant will maintain commercial general liability insurance providing coverage at least as broad as the current ISO form on an "**occurrence**" basis, with minimum limits of $1,000,000 each occurrence and $2,000,000 general aggregate and umbrella/excess liability insurance, on an occurrence basis, that applies excess of required commercial general liability, business automobile liability, and employers liability policies with minimum limits of $5,000,000 each occurrence and $5,000,000 annual aggregate. Tenant's liability insurance will (a) include Landlord, Property Manager and the other Landlord Parties as additional insureds with respect to all matters arising out of the occupancy or use of the Premises or Property by Tenant; (b) be primary to any other insurance maintained by the Landlord Parties; (c) be placed and maintained with companies rated at least "**A/VII**" by A.M. Best Insurance Service or otherwise reasonably satisfactory to Landlord, and (d) include contractual liability coverage. Such insurance may have a reasonable deductible but may not include self-insured retention in excess of $25,000 (unless Landlord otherwise reasonably consents, in writing, on the basis of Tenant's tangible net worth). If Tenant's liability insurance is provided under a blanket policy, the above coverage limits must be made specifically applicable to the Premises on a "**per location**" basis. Tenant will deliver an appropriate ACORD Form certificate or other evidence of insurance satisfactory to Landlord (i) prior to any use or occupancy of the Premises by Tenant, (ii) not later than 30 days prior to the expiration of any current policy or certificate, and (iii) at such other times as Landlord may reasonably request.

10.1.2 Property Insurance. Tenant will, at all times during the Term, maintain on any alterations, additions, or improvements made by or for Tenant upon the Premises (including, without limitation, all of Tenant's Improvements and any and all Alterations) and on all of Tenant's Personal Property a policy or policies of special cause of loss (special form) property insurance (or an equivalent form reasonably acceptable to Landlord) insuring such property to the extent of its full replacement cost and including, without limitation, vandalism, malicious mischief, mechanical breakdown and sprinkler leakage endorsements, the proceeds of which will, so long as this Lease is in effect, be used for the repair or replacement of such Tenant's Personal Property so insured. Landlord will be named as loss payee with respect to the alterations, additions, or improvements made by Tenant to the Premises. Each of Tenant's Personal Property and any alterations, additions, or improvements made by Tenant to the Premises are located at the Property at Tenant's sole risk, and except for Tenant's Unreleased Casualty Claims, Landlord is not liable for any Casualty to such property or for any other damage, theft, misappropriation or loss of such property.

10.1.3 Other Insurance. Tenant will maintain at all times during the Term (a) business automobile liability insurance covering owned, hired and non-owned vehicles with limits of $1,000,000 combined single limit per occurrence, (b) workers compensation and employers liability insurance, which insurance will comply with Tenant's obligations to its employees under the laws of the state in which the Premises are located and which employers liability insurance will afford limits not less than $500,000 per accident, $500,000 per employee for bodily injury by disease, and $500,000 policy limit for bodily injury by disease, (c) business income and extra expense insurance with limits not less than 100% of all charges payable by Tenant under this lease for a period of 12 months, and (d) pollution liability insurance, if reasonably required by Landlord given Tenant's particular use of the Premises. In addition, if insurance obligations generally required of tenants in similar space in similar buildings in the area in which the Premises are located increase or otherwise change after the initial five years of the Term, Landlord may similarly change Tenant's insurance obligations under this Lease.

10.2 Landlord's Insurance. Landlord will at all times during the Term maintain the insurance this Section 10.2 requires, which insurance shall be comparable with the insurance being obtained by reasonably prudent landlords of Comparable Projects.

10.2.1 Property Insurance. Landlord will maintain insurance on the Property providing coverage comparable to that provided by a standard ISO special causes of loss form property insurance policy in an amount not less than the full replacement cost of the Building (less foundation, grading and excavation costs). Landlord may, at its option, obtain such additional coverages or endorsements as Landlord reasonably deems appropriate. Landlord may maintain such insurance in whole or in part under blanket policies. Such insurance will cover Tenant's Improvements installed in the Building but will not cover or be applicable to any of Tenant's Personal Property.

10.2.2 Liability Insurance. Landlord will maintain commercial general liability insurance for bodily injury, personal injury, and property damage occurring at the Property with such liability limits as Landlord reasonably deems necessary or appropriate. Such liability insurance will protect only Landlord and, at Landlord's option, Landlord's lender and some or all of the Landlord Parties, and does not protect Tenant or replace or supplement the liability insurance this Lease obligates Tenant to carry.

10.3 Waivers and Releases of Claims and Subrogation.

10.3.1 Tenant's Waiver and Release. To the fullest extent allowable under the Laws, and except for Tenant's Unreleased Casualty Claims, Tenant, on behalf of Tenant and its insurers, waives, releases and discharges the Landlord Parties from all Claims for any Casualty to the Premises, Property or Tenant's Personal Property, and any resulting loss of use or business interruption, regardless of whether such Casualty is caused by the negligent acts or omissions of any person or entity (including Landlord or Tenant). Tenant will look only to any insurance coverage Tenant may elect to maintain (regardless of whether Tenant actually obtains any such coverage or whether such coverage is sufficient) with respect to the Claims that Tenant is waiving, releasing and discharging under this Section 10.3.1. Any property insurance Tenant maintains must permit or include a waiver of subrogation in favor of the Landlord Parties consistent with the provisions of this Section 10.3.1.

10.3.2 Landlord's Waiver and Release. To the fullest extent allowable under the Laws, and except for Landlord's Unreleased Casualty Claims, Landlord, on behalf of Landlord and its insurers, waives, releases and discharges the Tenant Parties from all Claims for any Casualty to the Property or Landlord's Personal Property, and any resulting loss of use or business interruption, regardless of whether such Casualty is caused by the negligent acts or omissions of any person or entity (including Landlord or Tenant). Landlord will look only to any insurance coverage Landlord may elect to maintain (regardless of whether Landlord actually obtains any such coverage or whether such coverage is sufficient) with respect to the Claims Landlord is waiving, releasing and discharging under this Section 10.3.2. Any property insurance Landlord maintains must permit or include a waiver of subrogation in favor of the Tenant Parties consistent with the provisions of this Section 10.3.2.

10.3.3 Limitation on Waivers of Claims. The provisions of Sections 10.3.1 and 10.3.2 above, (a) do not limit the duty of Landlord and Tenant to perform their respective obligations under Article 5, Article 7 or Article 11, (b) apply only with respect to the Landlord Parties and the Tenant Parties and do not limit or waive, release or discharge any Claims that either Landlord or Tenant may have against any "third-party" person or entity (including, without limitation, any contractor, service provider, agent, licensee, or invitee that is not a Landlord Party or a Tenant Party) arising from any Casualty to the Premises, Property, Tenant's Personal Property or Landlord's Personal Property caused by any such third party, and (c) do not apply to Tenant's liability under this Lease with respect to Tenant Damage or to Claims arising out of Tenant's failure to perform its duties and obligations under Article 5.

10.4 Tenant's Failure to Insure. If Tenant fails to provide Landlord with evidence of insurance as required under Section 10.1, and if such failure is not cured by Tenant within five days after Landlord's request therefor, Landlord may, but is not obligated to, obtain such insurance for Landlord's benefit without waiving or releasing Tenant from any obligation contained in or default under this Lease. Tenant will pay to Landlord, as Additional Rent and within 30 days after a written request therefor, all out-of-pocket costs and expenses Landlord reasonably incurs in obtaining such insurance.

10.5 No Limitation. Landlord's establishment of minimum liability insurance requirements for Tenant in this Lease is not a representation by Landlord that such limits are sufficient and does not limit Tenant's liability under this Lease in any manner.

Article 11 — Damage or Destruction

11.1 Tenantable Within 270 Days. If any Casualty renders the whole or any material part of the Premises untenantable and Landlord determines (in Landlord's reasonable discretion) that Landlord can make the whole Premises tenantable within 270 days after the date of the Casualty, then Landlord will notify Tenant of such determination within 60 days after the date of the Casualty. Landlord's notice will specify the anticipated date the Premises would be made tenantable. If based upon such anticipated date, the repairs will take longer than 30 days and less than 12 months will remain in the Term upon completion, either Landlord or Tenant may elect to terminate this Lease by notifying the other within 15 days after the date of Landlord's notice, which termination will be effective 30 days after the date of such notice of termination.

11.2 Not Tenantable Within 270 Days. If any Casualty renders the whole or any material part of the Premises untenantable and Landlord determines (in Landlord's reasonable discretion) that Landlord cannot make the whole Premises tenantable within 270 days after the date of the Casualty, then Landlord will notify Tenant of such determination (including the anticipated date of restoration) within 60 days after the date of the Casualty. Landlord may, in such notice, terminate this Lease effective on the date 30 days after the date of Landlord's notice. If Landlord does not so terminate this Lease, and provided the Casualty was not caused by the willful misconduct of Tenant or any Tenant Party, Tenant may terminate this Lease by notifying Landlord within 15 days after the date of Landlord's notice, which termination will be effective 30 days after the date of Tenant's notice.

11.3 [Intentionally Omitted]

11.4 Insufficient Proceeds. If Landlord does not receive sufficient insurance proceeds (excluding the amount of any policy deductible) to repair all damage to the Premises or the Property caused by any Casualty, or if Landlord's lender does not allow Landlord to use sufficient proceeds to repair all such damage, then notwithstanding anything to the contrary in Sections 11.1, 11.2 or 11.3, Landlord may, at Landlord's option, by notifying Tenant within 60 days after the Casualty, terminate this Lease effective on the date 30 days after the date of Landlord's notice.

11.5 Landlord's Repair; Rent Abatement. If this Lease is not terminated under Sections 11.1 through 11.4 following any Casualty, then Landlord will repair and restore the Premises and the Property to as near their condition prior to the Casualty as is reasonably practicable with all commercially reasonable diligence and speed (subject to Landlord's rights under Section 7.2.2 with respect to Tenant Damage). Basic Rent and Tenant's Share of Property Expenses for any period during which the Premises are untenantable as a result of the Casualty will be abated on a per diem basis; provided, however, that if only a portion of the Premises are untenantable, then any such abatement will be pro rata (based upon the rentable area of the untenantable portion of the Premises from time to time as compared with the rentable area of the entire Premises) and Tenant will continue to pay Basic Rent and Tenant's Share of Property Expenses for any portion of the Premises that is tenantable; and provided further, however, that if the Premises are damaged such that the remaining portion thereof is not sufficient to allow Tenant reasonably to conduct its business operations from such remaining portion and Tenant does not conduct its business operations therefrom, Landlord shall allow Tenant a total abatement of Basic Rent and Tenant's Share of Property Expenses during the time and to the extent the Premises are unfit for occupancy for the permitted use hereunder, and not occupied by Tenant as a result of the subject damage (including, in the event that Tenant performs such repairs, abatement during a commercially reasonable period of build-out time (not to exceed 90 days plus 60 days for planning and permitting) and a weekend for move-in). In no event is Landlord obligated to repair or restore any Alterations that have not been previously disclosed to and approved by Landlord, any special equipment or fixtures installed by Tenant, or any other Tenant's Personal Property. Landlord will, if necessary, equitably adjust Tenant's Share of Property Expenses Percentage to account for any reduction in the rentable area of the Premises or Building resulting from a Casualty. Furthermore, if neither Landlord nor Tenant has terminated this Lease, and the repairs are not actually completed within the later of 270 days following the date of discovery of the damage or the timeframe set forth in Landlord's estimate, Tenant shall have the right to terminate this Lease during the first five Business Days of each calendar month following the end of such period until such time as the repairs are complete, by written notice to Landlord ("**Damage Termination Notice**"), effective as of a date set forth in the Damage Termination Notice ("**Damage Termination Date**"), which Damage Termination Date shall not be less than ten Business Days nor more than 90 days following the end of each such month. At any time, from time to time, after the date occurring 60 days after the date the damage is discovered, Tenant may request that Landlord provide Tenant with a certificate from the architect or contractor described above setting forth such architect's or contractor's reasonable estimate of the date of substantial completion of the repairs and Landlord shall respond to such request within ten Business Days.

11.6 Rent Abatement if Lease Terminates. If this Lease is terminated under any of Sections 11.1 through 11.4 following any Casualty, then Basic Rent and Tenant's Share of Property Expenses for any period during which the Premises are untenantable as a result of the Casualty will be abated on a per diem basis; provided, however, that if only a portion of the Premises are untenantable, then any such abatement will be pro rata (based upon the rentable area of the untenantable portion of the Premises from time to time as compared with the rentable area of the entire Premises) and Tenant will continue to pay Rent for any portion of the Premises that is tenantable until this Lease terminates; and provided further, however, that if the Premises are damaged such that the remaining portion thereof is not sufficient to allow Tenant reasonably to conduct its business operations from such remaining portion and Tenant does not conduct its business operations therefrom, Landlord shall allow Tenant a total abatement of Basic Rent and Tenant's Share of Property Expenses during the time and to the extent the Premises are unfit for occupancy for the permitted use hereunder, and not occupied by Tenant as a result of the subject damage.

11.7 Exclusive Casualty Remedy. The provisions of this Article 11 are Tenant's sole and exclusive rights and remedies in the event of a Casualty. To the extent permitted by the Laws, Tenant waives the benefits of any Law that provides Tenant any abatement or termination rights (by virtue of a Casualty) not specifically described in this Article 11.

11.8 Notice to Landlord. If any Casualty to any portion of the Premises or Property occurs, Tenant will provide written notice of such Casualty to Landlord as soon as reasonably practicable. None of the obligations of Landlord under this Article 11 will be deemed to have arisen unless and until Landlord has received actual notice that the Casualty has occurred and has had a commercially reasonable time within which to respond to such notice. Tenant is liable to Landlord for any uninsured loss or other Claims Landlord incurs if (a) Tenant fails to timely report any Casualty to the Premises or (to the extent Tenant has actual knowledge thereof) the Property or Landlord's Personal Property to Landlord, (b) Landlord does not otherwise have actual knowledge of such Casualty, and (c) the failure to timely report such Casualty results in Landlord's property insurance carrier refusing to cover all or any portion of the loss.

Article 12 — Eminent Domain

12.1 Termination of Lease. If a Condemning Authority desires to effect a Taking of all or any material part of the Property, Landlord will notify Tenant and Landlord and Tenant will reasonably determine whether the Taking will render the Premises unsuitable for Tenant's intended purposes. If Landlord and Tenant reasonably conclude that the Taking will render the Premises unsuitable for Tenant's intended purposes, Landlord and Tenant will document such determination and this Lease will terminate as of the date the Condemning Authority takes possession of the portion of the Property taken. Tenant will pay Rent to the date of termination. If a Condemning Authority takes all or any material part of the Building or if a Taking reduces the value of the Property by 50% or more (as reasonably determined by Landlord), regardless of whether the Premises is affected and regardless of whether the Taking will render the Premises unsuitable for Tenant's intended purposes, then Landlord, at Landlord's option, by notifying Tenant prior to the date the Condemning Authority takes possession of the portion of the Property taken, may terminate this Lease effective on the date the Condemning Authority takes possession of the portion of the Property taken.

12.2 Landlord's Repair Obligations. If this Lease does not terminate with respect to the entire Premises under Section 12.1 and the Taking includes a portion of the Premises, this Lease automatically terminates as to the portion of the Premises taken as of the date the Condemning Authority takes possession of the portion taken and Landlord will, at its sole cost and expense, restore the remaining portion of the Premises to a complete architectural unit with all commercially reasonable diligence and speed and will reduce the Basic Rent for the period after the date the Condemning Authority takes possession of the portion of the Premises taken to a sum equal to the product of the Basic Rent provided for in this Lease multiplied by a fraction, the numerator of which is the rentable area of the Premises after the Taking and after Landlord restores the Premises to a complete architectural unit, and the denominator of which is the rentable area of the Premises prior to the Taking. Landlord will also equitably adjust Tenant's Share of Property Expenses Percentage for the same period to account for the reduction in the rentable area of the Premises or the Building resulting from the Taking. Tenant's obligation to pay Basic Rent and Tenant's Share of Property Expenses will abate on a proportionate basis with respect to that portion of the Premises remaining after the Taking that Tenant is unable to use during Landlord's restoration for the period of time that Tenant is unable to use such portion of the Premises.

12.3 Tenant's Participation. Landlord is entitled to receive and keep all damages, awards or payments resulting from or paid on account of a Taking. Accordingly, Tenant waives and assigns to Landlord any interest of Tenant in any such damages, awards or payments. Tenant may prove in separate Taking proceedings and may receive a separate award for damages to or Taking of Tenant's Personal Property and for moving expenses; provided however, that Tenant has no right to receive any award for its interest in this Lease or for loss of leasehold.

12.4 Exclusive Taking Remedy. The provisions of this Article 12 are Tenant's sole and exclusive rights and remedies in the event of a Taking. To the extent permitted by the Laws, Tenant waives the benefits of any Law that provides Tenant any abatement or termination rights or any right to receive any payment or award (by virtue of a Taking) not specifically described in this Article 12.

Article 13 — Transfers

13.1 Restriction on Transfers. Tenant will not cause or allow a Transfer without obtaining Landlord's prior written consent, which consent will not be unreasonably withheld and shall be granted or denied within ten Business Days. Tenant's request for consent to a Transfer must describe in detail the parties, terms, portion of the Premises, and other circumstances involved in the proposed Transfer. Landlord will notify Tenant of Landlord's election to consent or withhold consent within ten Business Days of Landlord's receipt of such a written request for consent to the Transfer from Tenant; provided, however, that if Landlord has not notified Tenant of Landlord's election within such ten-Business Day period, then Tenant will deliver a second request for consent to Landlord in accordance with this Section 13.1, and Landlord's failure to respond within five Business Days after its receipt of such second request shall be deemed Landlord's approval of such proposed Transfer. Tenant will provide Landlord with any additional information Landlord reasonably requests regarding the proposed Transfer or the proposed Transferee. No Transfer releases Tenant from any liability or obligation under this Lease and Tenant remains liable to Landlord after such a Transfer as a principal and not as a surety. Notwithstanding the foregoing or anything to the contrary herein, Tenant shall have the right to sublease all or any portion of the Premises following notice thereof to Landlord, but without Landlord's consent. If Landlord consents to any Transfer, Tenant will pay to Landlord, as Additional Rent, 50% of the amount Tenant receives on account of the Transfer, net of Tenant's reasonable, documented out-of-pocket costs incurred in connection with the Transfer, including, without limitation, marketing costs, commissions, legal fees, and any concessions or allowances provided to the transferee (collectively, "**Transfer Costs**"), in excess of the amounts this Lease otherwise requires Tenant to pay; provided, however, under no circumstances shall Landlord be paid any such Additional Rent until Tenant has recovered all of its Transfer Costs, it being understood that if in any year the gross revenues from the Transfer are less than the Transfer Costs, the amount of the excess Transfer Costs shall be carried over to the next year and then deducted from the gross revenues from the Transfer for such succeeding year until positive net revenues are achieved. Any attempted Transfer in violation of this Lease is null and void and constitutes an Event of Default under this Lease.

13.2 Costs. Tenant will pay to Landlord, as Additional Rent, all costs and expenses Landlord incurs in connection with any Transfer, including, without limitation, reasonable attorneys' fees and costs, regardless of whether Landlord consents to the Transfer (not to exceed $2,500.00 in aggregate per request, to be increased 3% per year for inflation during the Term).

13.3 Landlord's Consent Standards. For purposes of Section 13.1 and in addition to any other reasonable grounds for denial, Landlord's consent to a Transfer will be deemed reasonably withheld if, in Landlord's reasonable and good faith judgment, any one or more of the following apply: (a) the proposed transferee does not have the financial strength to perform the obligations under the Transfer document or this Lease; (b) the proposed transferee does not have a good business reputation; (c) the use of the Premises by the proposed transferee is for something other than the permitted use and would, in Landlord's

reasonable judgment, impact the Building or the Property in a negative manner; (d) the Transfer would require an Alteration to the Building or the Property to comply with applicable Laws (unless the Alteration is permitted or approved under Article 8); (e) the transferee is a government (or agency or instrumentality thereof); (f) a proposed transferee whose occupancy will require any variation in the terms and conditions of this Lease; or (g) an Event of Default, or an event that with the passage of time or the giving of notice would result in an Event of Default, exists under this Lease at the time Tenant requests consent to the proposed Transfer.

13.4 Transfers to Affiliates. Provided that no Event of Default, or event that with the passage of time or the giving of notice would constitute an Event of Default, exists under this Lease, Tenant may, without Landlord's consent, (a) assign this Lease to an Affiliate of Tenant, (b) sell corporate shares of capital stock in Tenant or in a Tenant Affiliate in connection with an initial public offering of Tenant's or such Tenant Affiliate's stock on a nationally-recognized stock exchange, (c) assign this Lease to an entity which acquires all or substantially all of the stock, interests or assets of Tenant or in a Tenant Affiliate, or (d) assign this Lease to an entity which is the resulting entity of a merger, consolidation or other reorganization of Tenant or a Tenant Affiliate, in all cases if (i) Tenant notifies Landlord not less than ten Business Days prior to such Transfer; and (ii) the transferee assumes and agrees in a writing reasonably acceptable to Landlord to perform Tenant's obligations under this Lease and to observe all terms and conditions of this Lease. A Transfer under this Section 13.4 (or any other Transfer) does not release Tenant from any liability or obligation under this Lease.

Article 14 — Defaults; Remedies

14.1 Events of Default. The occurrence of any of the following constitutes an "**Event of Default**" by Tenant under this Lease. Landlord and Tenant agree that the notices required by this Section 14.1 are intended to satisfy any and all notice requirements imposed by the Laws and are not in addition to any such requirements.

14.1.1 Failure to Pay Rent. Tenant fails to pay Basic Rent, any monthly installment of Tenant's Share of Property Expenses or any other Additional Rent amount as and when due, and such failure is not cured within five days after Landlord notifies Tenant of Tenant's failure.

14.1.2 Failure to Perform. Tenant breaches or fails to perform any of Tenant's non-monetary obligations under this Lease and such breach or failure is not cured within 30 days after Landlord notifies Tenant of Tenant's breach or failure; provided that if Tenant is not able through the use of commercially reasonable efforts to cure such breach or failure within a 30-day period, Tenant's breach or failure is not an Event of Default if Tenant commences to cure such breach or failure within the 30-day period and thereafter diligently pursues the cure to completion. Notwithstanding the foregoing, Tenant is not entitled to such a cure period before a breach or failure of this Lease becomes an Event of Default if (a) the breach or failure would subject Landlord or any of the Landlord Parties to criminal liability, (b) Tenant causes or allows a Transfer in violation of the terms of Article 13 hereof, (c) the breach or failure is otherwise a breach or failure under Section 14.1.3 or 14.1.4 hereof, (d) Tenant fails to maintain insurance (or to timely provide Landlord with evidence of such insurance) as required under Article 10 hereof within five Business Days after Landlord notifies Tenant of Tenant's failure, or (e) Tenant fails to timely deliver an estoppel certificate as required by Section 15.4 hereof within five Business Days after Landlord notifies Tenant of Tenant's failure.

14.1.3 Misrepresentation. The existence of any material misrepresentation or omission in any financial statements, correspondence or other information provided to Landlord by or on behalf of Tenant in connection with (a) Tenant's negotiation or execution of this Lease; (b) Landlord's evaluation of Tenant as a prospective tenant at the Property; (c) any proposed or attempted Transfer; or (d) any consent or approval Tenant requests under this Lease.

14.1.4 Other Defaults. The occurrence of any one or more of the following: (a) Tenant's filing of a petition under any chapter of the Bankruptcy Code, or under any federal, state or foreign bankruptcy or insolvency statute now existing or hereafter enacted, or Tenant's making a general assignment or general arrangement for the benefit of creditors; (b) the filing of an involuntary petition under any chapter of the Bankruptcy Code, or under any federal, state or foreign bankruptcy or insolvency statute now existing or hereafter enacted, or the filing of a petition for adjudication of bankruptcy or for reorganization or rearrangement, by or against Tenant and such filing not being dismissed within 60 days; (c) the entry of an order for relief under any chapter of the Bankruptcy Code, or under any federal, state or foreign bankruptcy or insolvency statute now existing or hereafter enacted which is not dismissed or expunged within 60 days; (d) the appointment of a "**custodian,**" as such term is defined in the Bankruptcy Code (or of an equivalent thereto under any federal, state or foreign bankruptcy or insolvency statute now existing or hereafter enacted), for Tenant, or the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets (or Tenant's assets located at the Premises) or of Tenant's interest in this Lease which is not dismissed within 60 days; or (e) the subjection of all or substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease to attachment, execution or other judicial seizure which is not dismissed within 60 days. If a court of competent jurisdiction determines that any act described in this Section 14.1.4 does not constitute an Event of Default, and the court appoints a trustee to take possession of the Premises (or if Tenant remains a debtor in possession of the Premises) and such trustee or Tenant Transfers Tenant's interest hereunder, then Landlord is entitled to receive the same amount of Additional Rent as Landlord would be entitled to receive if such a Transfer had occurred pursuant to Section 13.1.

14.2 Remedies. Upon the occurrence of any Event of Default, Landlord may at any time and from time to time, without notice or demand and without preventing Landlord from exercising any other right or remedy, exercise any one or more of the following remedies:

14.2.1 Termination of Tenant's Possession/Re-Entry and Reletting Right. Terminate Tenant's right to possess the Premises by any lawful means with or without terminating this Lease, in which event Tenant will immediately surrender possession of the Premises to Landlord. In such event, this Lease continues in full force and effect (except for Tenant's right to possess the Premises) and Tenant continues to be obligated for and must pay all Rent as and when due under this Lease. Unless Landlord specifically states that it is terminating this Lease, Landlord's termination of Tenant's right to possess the Premises is not to be construed as an election by Landlord to terminate this Lease or Tenant's obligations and liabilities under this Lease. If Landlord terminates Tenant's right to possess the Premises, Landlord is not obligated to, but may re-enter the Premises and remove all persons and property from the Premises. Landlord may store any property Landlord removes from the Premises in a public warehouse or elsewhere at the cost and for the account of Tenant, and if Tenant fails to pay the storage charges therefor as and when due, Landlord may deem such property abandoned and cause such property to be sold or otherwise disposed of without further obligation or any accounting to Tenant. Upon such re-entry, Landlord is not obligated to, but may relet all or any part of the Premises to a third party or parties for Tenant's account. Tenant is immediately liable to Landlord for all Re-Entry Costs and must pay Landlord the same within 30 days after Landlord's written notice to Tenant. Landlord may relet the Premises for a period shorter or longer than the remaining Term. If Landlord relets all or any part of the Premises, Tenant remains obligated to pay all Rent when due under this Lease; provided that Landlord will, on a monthly basis, credit any Net Rent received for the current month against Tenant's Rent obligation for the next succeeding month. If the Net Rent received for any month exceeds Tenant's Rent obligation for the succeeding month, Landlord may retain the surplus.

14.2.2 Termination of Lease. Terminate this Lease effective on the date Landlord specifies in Landlord's notice to Tenant. Upon termination, Tenant will immediately surrender possession of the Premises to Landlord as provided in Article 16. Such termination will not extinguish any obligations that survive termination as provided elsewhere in this Lease. If Landlord terminates this Lease, Landlord may recover from Tenant and Tenant will pay to Landlord on demand all damages Landlord incurs by reason of Tenant's default, including, without limitation, (a) all Rent due and payable under this Lease as of the effective date of the termination; (b) any amount necessary to compensate Landlord for any detriment proximately caused Landlord by Tenant's failure to perform its obligations under this Lease or that in the ordinary course would likely result from Tenant's failure to perform, including, without limitation, any Re-Entry Costs; (c) an amount equal to the amount by which (i) the present worth, as of the effective date of the termination, of the Rent for the balance of the Term remaining after the effective date of the termination (assuming no termination) exceeds (ii) the present worth, as of the effective date of the termination, of a fair market Rent for the Premises for the same period (as reasonably determined); and (d) Tenant's Share of Property Expenses as of the effective date of the termination to the extent Landlord is not otherwise reimbursed for such Property Expenses (subject to reconciliation hereunder). For purposes of this Section 14.2.2, Landlord will compute present worth by utilizing the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percentage point.

14.2.3 Other Remedies. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State. All rights and remedies of Landlord under this Lease are cumulative and the exercise of any one or more remedies at any time or from time to time does not limit or preclude the further exercise by Landlord of the same or any other rights or remedies at any time or from time to time. Landlord shall use commercially reasonable efforts to mitigate any damages it incurs as a result of an Event of Default.

14.3 Costs. Tenant will reimburse and compensate Landlord, within 30 days of Tenant's receipt of a written demand and as Additional Rent, for any actual loss Landlord incurs in connection with, resulting from or related to any Event of Default, and regardless of whether suit is commenced or judgment is entered. Such loss includes all reasonable legal fees, costs and expenses (including paralegal fees, expert fees, and other professional fees and expenses) Landlord incurs investigating, negotiating, settling or enforcing any of Landlord's rights or remedies or otherwise protecting Landlord's interests under this Lease. In addition to the foregoing, Landlord is entitled to reimbursement of all of Landlord's fees, expenses and damages, including, without limitation, reasonable attorneys' fees and paralegal and other professional fees and expenses, Landlord incurs in connection with any bankruptcy or insolvency proceeding involving Tenant including, without limitation, any proceeding under any chapter of the Bankruptcy Code; by exercising and advocating rights under Section 365 of the Bankruptcy Code; by proposing a plan of reorganization and objecting to competing plans; and by filing motions for relief from stay. Such fees and expenses are payable on demand, or, in any event, upon assumption or rejection of this Lease in bankruptcy.

14.4 Waiver of Re-Entry Claims. Tenant waives and releases all Claims Tenant may have resulting from Landlord's re-entry and taking possession of the Premises pursuant to this Article 14 by any lawful means and removing, storing or disposing of Tenant's property as permitted under this Lease, regardless of whether this Lease is terminated and, to the fullest extent allowable under the Laws, Tenant releases and, to the fullest extent allowable under the Laws, will indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties from and against any and all Claims arising therefrom. No such re-entry is to be considered or construed as a forcible entry by Landlord.

14.5 Landlord's Default. Landlord will not be in default under this Lease unless Landlord breaches or fails to perform any of Landlord's obligations under this Lease and the breach or failure continues for a period of 30 days after Tenant notifies Landlord in writing of Landlord's breach or failure; provided that if Landlord is not able through the use of commercially reasonable efforts to cure the breach

or failure within such 30-day period, Landlord's breach or failure is not a default as long as Landlord commences to cure its breach or failure within the 30-day period and thereafter diligently pursues the cure to completion. If Landlord defaults in any of its maintenance or repair obligations under this Lease and has not cured such default within the aforesaid 30-day period, or if Landlord has not commenced the cure of such default within such 30-day period and thereafter diligently pursued such cure, then Tenant may take such steps to cure such default as may be reasonably required. Landlord will reimburse Tenant for the reasonable costs and expenses of such cure within 30 days after Tenant has provided Landlord with a written statement thereof, together with reasonable supporting documentation. In the event that (a) Landlord fails to reimburse Tenant as provided under this Section 14.5, (b) Tenant obtains a judgment from a court of competent jurisdiction for monetary damages against Landlord, and (c) Landlord has failed to pay or satisfy such judgment within 30 days after the entry thereof, then Tenant will have the right to deduct the amount of the judgment from Basic Rent payments thereafter accruing under this Lease. In addition to the foregoing, in the event of a Landlord default (after the expiration of the aforesaid notice and cure period), Tenant will have all remedies available to it under applicable Laws.

14.6 No Waiver. No failure by either Landlord or Tenant to insist upon the performance of any provision of this Lease or to exercise any right or remedy upon a breach or default hereof constitutes a waiver of any such breach or default. Any such waiver may be made only by a writing signed by the party providing the waiver. One or more waivers by a party is not to be construed as a waiver by that party of a subsequent breach or default of the same provision.

Article 15 — Creditors; Estoppel Certificates

15.1 Subordination. Subject to Tenant's receipt of an SNDA as provided below in this Section 15.1, this Lease, all rights of Tenant in this Lease, and all interest or estate of Tenant in the Property, are subject and subordinate to any Mortgage. At any time or times that a Mortgage encumbers the Property, or any portion thereof, Landlord will deliver to Tenant an SNDA executed by the then-existing Mortgage holder. Landlord hereby represents to Tenant that there is no Mortgage with respect to the Property as of the Effective Date. Tenant will then execute and deliver such SNDA to Landlord within ten Business Days. In addition, within ten Business Days after delivery of Landlord's written request, Tenant will execute and deliver to Landlord or to any other person Landlord designates, any other instruments, releases or other documents reasonably required to confirm the self-effectuating subordination of this Lease as provided in this Section 15.1 to any Mortgage. The lien of any existing or future Mortgage will not cover Tenant's Personal Property.

15.2 Attornment. If any ground lessor, the holder of any Mortgage at a foreclosure sale or any other transferee acquires Landlord's interest in this Lease, the Premises or the Property, Tenant will attorn to and recognize such transferee or successor as Landlord under this Lease; provided, however, that such attornment will not waive any of Tenant's rights under Section 15.1. Tenant waives the protection of any statute or rule of law that gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Premises upon the transfer of Landlord's interest.

15.3 Mortgagee Protection Clause. Tenant will give the holder of any Mortgage, by registered mail or overnight courier, a copy of any notice of default Tenant serves on Landlord, provided that Landlord or the holder of the Mortgage previously notified Tenant (by way of notice of assignment of rents and leases or otherwise) of the address of such holder. Tenant further agrees that if Landlord fails to cure such default within the time provided for in this Lease, then Tenant will provide written notice of such failure to such holder and such holder will have an additional 30 days after the later of (a) receipt of such notice, or (b) the expiration of Landlord's cure period, within which to cure the default. If the default cannot reasonably be cured within that additional 30-day period, then the holder will have such additional time as may be reasonably necessary to effect the cure if, within the 30-day period, the holder has commenced and is diligently pursuing the cure.

15.4 Estoppel Certificates.

15.4.1 Contents. Within ten Business Days of its receipt of Landlord's written request, Tenant will execute, acknowledge and deliver to Landlord a written statement in form reasonably satisfactory to Landlord certifying: (a) that this Lease (and all guaranties, if any) is unmodified and in full force and effect (or, if there have been any modifications, that this Lease is in full force and effect, as modified, and stating the modifications); (b) that this Lease has not been canceled or terminated; (c) the last date of payment of Rent and the time period covered by such payment; (d) whether, to Tenant's actual knowledge, there are then existing any breaches or defaults by Landlord under this Lease known to Tenant, and, if so, specifying the same; (e) specifying any existing claims or defenses in favor of Tenant (then actually known by Tenant) against the enforcement of this Lease (or of any guaranties); and (f) such other factual statements as Landlord, any lender, prospective lender, investor or purchaser may reasonably request. Tenant will deliver the statement to Landlord within ten Business Days after Landlord's request. Landlord may give any such statement by Tenant to any lender, prospective lender, investor or purchaser of all or any part of the Property and any such party may conclusively rely upon such statement as true and correct.

15.4.2 Failure to Deliver. If Tenant does not timely deliver to Landlord the statement referenced in Section 15.4.1, Landlord and any lender, prospective lender, investor or purchaser may conclusively presume and rely that, except as otherwise represented by Landlord, (a) the terms and provisions of this Lease have not been changed; (b) this Lease has not been canceled or terminated; (c) not more than one month's Rent has been paid in advance; and (d) Landlord is not in default in the performance of any of its obligations under this Lease. In such event, Tenant is estopped from denying the truth of such facts.

Article 16 — Surrender; Holding Over

16.1 Surrender of Premises. In accordance with the specifications and requirements set forth in Exhibit H and Article 8 Tenant will surrender the Premises to Landlord at the expiration or earlier termination of this Lease in good order, condition and repair, reasonable wear and tear, Casualty (subject to Landlord's rights with respect to Tenant Damage) and Taking excepted, and will surrender all keys to the Premises to Property Manager or to Landlord at the place then fixed for Tenant's payment of Basic Rent or as Landlord or Property Manager otherwise reasonably directs. Tenant will at such time remove all of Tenant's Personal Property from the Property and, if Landlord so requires as permitted under this Lease, all specified Alterations that Tenant placed on the Property; provided, however, that in all cases, Tenant will be required to comply with the restoration requirements set forth in Exhibit H. Tenant will promptly repair any damage to the Premises or the Property caused by such removal. Tenant will also inform Landlord of all combinations on locks, safes and vaults, if any, that Tenant is allowed to leave at the Property. Tenant releases and, to the fullest extent allowable under the Laws, will be liable for, and will indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless Landlord from and against, any Claim resulting from Tenant's failure or delay in surrendering the Premises in accordance with this Section 16.1 (except to the extent caused by or resulting from the willful misconduct of any Landlord Party), including, without limitation, any Claim due to the loss of, or made by, any succeeding occupant founded on such delay (provided that Tenant is notified by Landlord in writing of such succeeding occupant at least 30 days in advance). All property of Tenant not removed on or before the last day of the Term is deemed abandoned. Landlord may remove all such abandoned property from the Property and cause its transportation and storage in a public warehouse or elsewhere at the cost and for the account of Tenant, and if Tenant fails to pay the storage charges therefor Landlord may cause such property to be sold or otherwise disposed of without further obligation or any accounting to Tenant. Landlord will not be liable for damage, theft, misappropriation or loss of any such property or in any other manner in respect thereto.

16.2 Holding Over. If Tenant possesses the Premises after the Term expires or is otherwise terminated without executing a new lease, but with Landlord's written consent, such occupancy will be subject to all terms and conditions of this Lease, except that Tenant will pay Landlord a charge for each day of occupancy after expiration of the Term in an amount equal to 125% of Tenant's then-existing Basic Rent (on a daily basis), plus all Additional Rent as described in this Lease. If Tenant possesses the Premises after the Term expires or is otherwise terminated without executing a new lease and without Landlord's written consent, Tenant is deemed to be occupying the Premises without claim of right (but subject to all terms and conditions of this Lease) and, in addition to Tenant's liability for failing to surrender possession of the Premises as provided in Section 16.1, Tenant will pay Landlord a charge for each day of occupancy after expiration of the Term in an amount equal to 150% of Tenant's then-existing Basic Rent (on a daily basis), plus all Additional Rent as described in this Lease.

Article 17 — Tenant's Improvements

17.1 Tenant's Improvements. Landlord will cause Tenant's Improvements to be constructed, at Landlord's sole cost and expense; provided, however, that Tenant will be solely responsible for (a) all costs and expenses related to any Change Orders, which costs and expenses will be determined and will be payable as provided in Section 17.2 hereof, (b) the design and installation of, and all costs and expenses related to, all furniture, fixtures, equipment and personal property that are not specified in the preliminary outline specifications attached hereto as Exhibit F ("**Outline Specifications**") (including, without limitation, costs associated with the preparation and approval of Tenant's racking plan and the installation of Tenant's racking in the Premises) and all telephone, computer, data and other wiring and cabling, to be located in the Premises, and (c) all costs and expenses related to any Tenant Delays, which costs and expenses will be determined in the same manner as the determination of Change Order Costs, and will be payable within 30 days after Landlord's invoice to Tenant.

17.1.1 Design; Compliance with Laws. Tenant's Improvements will be designed as described in this Article 17. Tenant's Improvements will automatically become the property of Landlord and a part of the Building immediately upon installation. Subject to this Article 17, Landlord will complete, or cause the completion of, the construction of Tenant's Improvements (other than with respect to Tenant's use thereof and other than as Landlord and Tenant may otherwise agree with respect to any particular design requests of Tenant, which compliance will be the responsibility of Tenant), in substantial accordance with all Laws applicable thereto. Among other things, Landlord will be responsible for the compliance of Tenant's Improvements (other than with respect to the items for which Tenant is responsible and as aforesaid with respect to Tenant's use and particular design requests) with the ADA, as the same are in effect and enforced by governmental or other bodies having jurisdiction over such matters as of the Effective Date (the issuance of a Certificate of Occupancy will confirm compliance with all applicable codes and ordinances). All other compliance with Laws (including, without limitation, all other compliance with the ADA), in all cases as the same are from time to time in effect and enforced by the governmental or other bodies having jurisdiction over such matters, will be the sole responsibility of Tenant (except as expressly set forth in this Lease).

17.1.2 Issued for Construction Plans. Landlord will provide Tenant with proposed Issued for Construction Plans. Such proposed Issued for Construction Plans will be consistent with the Outline Specifications and the Site Plan. Within five Business Days after Landlord has delivered to Tenant the proposed Issued for Construction Plans, Tenant will notify Landlord of any desired revisions thereto. All such revisions (if any) that Tenant desires must be entirely consistent with the Outline Specifications

and the Site Plan. If Tenant notifies Landlord within the aforesaid five-Business Day period of Tenant's approval of the proposed Issued for Construction Plans without requesting any revisions thereto, or if Tenant fails to notify Landlord within such five-Business Day period, then the proposed Issued for Construction Plans will automatically become the final Issued for Construction Plans hereunder. If Tenant notifies Landlord within the aforesaid five-Business Day period and requests revisions to the proposed Issued for Construction Plans that satisfy the conditions of this Section 17.1.2 but that do not constitute Change Orders (as reasonably determined by Landlord), then Landlord will revise the proposed Issued for Construction Plans in accordance with the request, and such revised Issued for Construction Plans will automatically become the final Issued for Construction Plans hereunder. If Tenant notifies Landlord within the aforesaid five-Business Day period and requests revisions to the proposed Issued for Construction Plans that satisfy the conditions of this Section 17.1.2 and that do constitute Change Orders (as reasonably determined by Landlord), then Landlord will notify Tenant, in writing, as to the cost of and the anticipated delay in completing such revisions. Tenant will then notify Landlord, in writing, within two Business Days after its receipt of Landlord's aforesaid notification as to which (if any) of the requested revisions Tenant still desires. If Tenant notifies Landlord within the aforesaid two-Business Day period of its approval of some or all of the requested revisions (and the additional cost and delay thereof), then Landlord will revise the proposed Issued for Construction Plans in accordance with the approval, and such revised Issued for Construction Plans will automatically become the final Issued for Construction Plans hereunder. If Tenant fails to notify Landlord of its approval or disapproval of some or all of the requested revisions (and the additional cost and delay thereof) within the aforesaid two-Business Day period, then Tenant will be deemed to have withdrawn all of its requested revisions to the proposed Issued for Construction Plans (to the extent that such revisions constitute Change Orders as aforesaid), and the proposed Issued for Construction Plans will automatically become the final Issued for Construction Plans hereunder. All delays in the finalization of the Issued for Construction Plans caused by Tenant's request for any revisions to the proposed Issued for Construction Plans will constitute Tenant Delays hereunder. The final version of the Issued for Construction Plans approved by both Landlord and Tenant will supersede the Outline Specifications except as to any non-construction matters described in the Outline Specifications.

17.2 Change Orders. With respect to Tenant's Improvements, Tenant may request Change Orders that are commercially reasonable. Anything in this Lease to the contrary notwithstanding, (a) Tenant (and not Landlord) will be responsible and liable hereunder for any delay in the construction of Tenant's Improvements, or any portion thereof, and for any additional costs with respect thereto, to the extent that such delay or additional costs result from a Change Order, and (b) no Change Order will be effected if it is not permitted by applicable building and zoning regulations or other Laws, as the same are then interpreted and enforced by the appropriate authorities having jurisdiction thereof.

17.2.1 Change Order Payments. Before proceeding with any work that is the subject of a Change Order, Landlord may require Tenant to deposit with Landlord an amount equal to Landlord's estimate of the Change Order Cost thereof; provided, however, that Tenant may elect in writing to apply any then unallocated portion of the Allowance to any such deposit. Following the completion of Tenant's Improvements, Landlord (a) will reasonably determine the actual Change Order Costs of all Change Orders, (b) will reconcile such actual costs with the deposits (if any) (or credits from unallocated portions of the Allowance) theretofore made by Tenant, and (c) will notify Tenant, in writing, of such determination and reconciliation. In the event that such reconciliation shows that the amount of any deposits theretofore made by Tenant (together with credits from unused portions of the Allowance) exceeds the actual Change Order Costs of all Change Orders, then the excess will be credited against the Basic Rent payments due hereunder from and after the Commencement Date (beginning with the first Basic Rent payment due after Landlord's delivery of the aforesaid reconciliation notification), until the full amount of such excess has been so applied. In the alternative, at Landlord's sole election, Landlord will pay the full amount of such excess to Tenant within 30 days after Landlord's delivery of the aforesaid reconciliation notification. On the other hand, in the event that such reconciliation shows that the actual Change Order Costs of all Change Orders

exceed the amount of any deposits theretofore made by Tenant (together with credits from any unused portion of the Allowance), then Tenant will pay the full amount of such excess to Landlord within 30 days after Landlord's delivery of the aforesaid reconciliation notification; provided, however, that Tenant may elect in writing to apply any then unused portion of the Allowance to any such excess.

17.3 Allowance. Provided that no Event of Default has theretofore occurred or then exists, Landlord will reimburse Tenant in accordance with this Section 17.3, in an aggregate amount not to exceed the Allowance, for direct out-of-pocket costs that Tenant incurs for the installation of cabling, racking, furniture, fixtures and equipment, and any supplemental initial improvements to the Premises made by Tenant in accordance with Article 8. Landlord will make such reimbursement payments to Tenant within 30 days after Tenant's invoice therefor, accompanied by reasonable supporting documentation (including, without limitation, sworn statements, affidavits, receipts and mechanics' lien waivers that Landlord may reasonably require); provided, however, that Tenant's invoice and accompanying supporting documentation must be delivered within 180 days after the Commencement Date in order for Tenant to be entitled to reimbursement under this Section 17.3 (regardless of whether less than all of the Allowance has then been paid to Tenant).

17.4 Tenant's Representative. Tenant designates Bill Ashton as the Tenant's representative having authority to approve the Issued for Construction Plans, request or approve any Change Order, give and receive all notices, consents, approvals and directions regarding Tenant's Improvements, and to otherwise act for and bind Tenant in all matters relating to Tenant's Improvements.

17.5 Substantial Completion. Landlord will use commercially reasonable efforts to achieve Substantial Completion of Tenant's Improvements on or before the Delivery Date, subject to delays caused by Tenant Delays and other Force Majeure.

17.6 Punch List. Not more than 20 days prior to the date on which Landlord, in good faith, anticipates Substantial Completion of Tenant's Improvements, Landlord will notify Tenant of the date of such anticipated date of Substantial Completion, and of a date on which Landlord and Tenant (or their respective representatives) will meet to inspect the Premises. Within five Business Days after that inspection Landlord and Tenant, acting reasonably and in good faith, will develop a "punch list" of any Tenant's Improvements items that were either not properly completed or are in need of repair. Landlord will complete (or repair, as the case may be) the items listed on the punch list within 30 days after the "punch list" has been developed, subject to delays caused by Tenant Delays and other Force Majeure. If Tenant does not inspect the Premises with Landlord as reasonably requested by Landlord prior to or upon Substantial Completion, Tenant will be deemed to have accepted the Premises as delivered, subject to any punch list items Landlord develops and Tenant's rights under this Section 17.6.

17.7 Construction Warranty. Landlord will obtain from Landlord's general contractor a customary and reasonable form of one-year warranty against defective workmanship and materials regarding Tenant's Improvements. To the extent that such warranty applies to Tenant's Improvements, Landlord will assist with and coordinate the enforcement thereof for the benefit of Tenant; provided, however, the foregoing shall not relieve Landlord for its obligation to deliver the Premises to Tenant in the required condition under this Lease.

17.8 Tenant Finish Work. All finish work and decoration and other work desired by Tenant and not included within the Tenant's Improvements to be performed by Landlord as set forth in the approved Issued for Construction Plans will be designed, furnished and installed by Tenant at Tenant's sole expense. Tenant will perform all such work in the same manner and following the same procedures as are provided in this Lease for Alterations. Landlord is under no obligation to perform, inspect, or supervise any such work, and Landlord will have no liability or responsibility whatsoever therefor.

17.9 Milestone Dates. In order for Landlord to achieve the scheduled Commencement Date, Tenant will be required to provide certain definitive information, documentation or other materials on certain specific dates. For all purposes under this Lease, any failure or delay of Tenant, or those acting for or under Tenant, to satisfy any scheduled dates that are set forth in this Lease or of which Tenant has been given reasonable advance written or oral notice will constitute a Tenant Delay. Landlord's execution of this Lease notwithstanding any such pre-existing failure or delay will not be considered to be an acquiescence therein or waiver thereof by Landlord.

Article 18 — Letter of Credit

18.1 Letter of Credit. Within five Business Days after the Effective Date, Tenant will deliver to Landlord an unconditional, irrevocable standby letter of credit ("**Letter of Credit**") that is in the initial face amount of $3,000,000.00 (subject to reduction under Section 18.10 hereof), that conforms in form and substance to the attached Exhibit G (or is otherwise reasonably acceptable to Landlord), and that satisfies all of the following conditions:

(a) is issued by a United States federal or state chartered bank ("**Issuer**") that (i) is either a member of the New York Clearing House Association or is a commercial bank or trust company reasonably acceptable to Landlord, and (ii) has total assets of at least $100,000,000,000, as determined in accordance with generally accepted accounting principles consistently applied; provided, however, Landlord hereby pre-approves JP Morgan Chase Bank, N.A. (if chosen by Tenant);

(b) names Landlord as beneficiary thereunder;

(c) has a term ending not less than one year after the date of issuance;

(d) automatically renews for one-year periods unless Issuer notifies beneficiary in writing, at least 30 days prior to the expiration date, that Issuer elects not to renew the Letter of Credit;

(e) provides for payment to beneficiary of immediately available funds (denominated in United States dollars) in the initial face amount of $3,000,000.00 (subject to reduction under Section 18.10 hereof) within two Business Days after presentation of the sight draft substantially conforming to the form attached as Exhibit "**1**" to the Letter of Credit;

(f) provides that draws may be presented, and are payable, at Issuer's letterhead office, or any other full service office of Issuer;

(g) is payable in sight drafts which only require the beneficiary to state that the draw is payable to the order of beneficiary;

(h) permits partial and multiple draws;

(i) permits multiple transfers by beneficiary;

(j) waives any rights Issuer may have, at law or otherwise, to subrogate to any claims beneficiary may have against applicant or applicant may have against beneficiary; and

(k) is governed by the International Standby Practices 1998, published by the International Chamber of Commerce.

18.2 Transfer; Fees. Landlord may freely transfer the Letter of Credit in connection with an assignment of this Lease without (a) Tenant's consent, (b) restriction on the number of transfers, or (c) condition, other than presentment to Issuer of the original Letter of Credit and a duly executed transfer document conforming to the form reasonably required by the Issuer; provided, however, that in the event of a transfer of Landlord's interest in this Lease, Landlord shall transfer the Letter of Credit, in whole only, to the transferee. Tenant is solely responsible for any bank fees or charges imposed by Issuer in connection with the issuance of the Letter of Credit or any transfer, renewal, extension or replacement thereof. If Tenant fails to pay such transfer fee timely, Landlord may, at its option and without notice to Tenant, elect to pay any transfer fees to Issuer when due, and upon payment, such amount will become due and payable from Tenant to Landlord as Additional Rent under this Lease within 30 days after Tenant's receipt of an invoice therefor.

18.3 Draw Event. "**Draw Event**" means the occurrence of any of the following events:

(a) Tenant has filed a voluntary petition under the Bankruptcy Code, an involuntary petition has been filed against Tenant under the Bankruptcy Code (which has not been dismissed within 30 days), Tenant is placed into receivership or conservatorship, Tenant becomes subject to similar proceedings under federal or state law (which has not been dismissed within 30 days), or Tenant executes an assignment for the benefit of creditors;

(b) Tenant fails to timely cause the Letter of Credit to be renewed or replaced as required in this Article 18;

(c) the occurrence of an Issuer Quality Event as described in Section 18.6 hereof;

(d) the occurrence of an Event of Default; or

(e) Tenant holds over or remains in possession of the Premises after the expiration of the Term or termination of this Lease, without Landlord's prior written consent.

18.4 Draw and Use of Proceeds; Replacement Letter of Credit. Immediately upon the occurrence of any one or more Draw Events, and at any time thereafter, Landlord may draw on the Letter of Credit, in whole or in part (if partial draw is made, Landlord may make multiple draws), as Landlord may determine in Landlord's sole and absolute discretion. The term "**Draw Proceeds**" means the cash proceeds of any draw or draws made by Landlord under the Letter of Credit. Any delays by Landlord in drawing on the Letter of Credit or using the Draw Proceeds will not constitute a waiver by Landlord of any of its rights hereunder with respect to the Letter of Credit or the Draw Proceeds. Landlord will hold the Draw Proceeds in its own name (but subject to the provisions of this Article 18) and may co-mingle the Draw Proceeds with other accounts of Landlord or invest them as Landlord may determine in its sole and absolute discretion; provided, however, that any investment shall be made at Landlord's sole risk and any losses incurred thereon shall not reduce the credit amount to which Tenant is entitled. In addition to any other rights and remedies Landlord may have, Landlord may in its sole and absolute discretion and at any time, use and apply all or any portion of the Draw Proceeds to pay Landlord for any one or more of the following:

(a) Rent or any other sum which is past due, due or becomes due, or to which Landlord is otherwise entitled under the terms of this Lease, whether due to the passage of time, the existence of a default or otherwise (including, without limitation, late payment fees or charges and any amounts which Landlord is or would be allowed to collect under Sections 14.2 or 14.3 hereof, and without deducting therefrom any offset for proceeds of any potential reletting or other potential mitigation which has not in fact occurred at the time of the draw);

(b) all amounts incurred or expended by Landlord in connection with the exercise and pursuit of any one or more of Landlord's rights or remedies under this Lease, including, without limitation, reasonable attorneys' fees and costs;

(c) all amounts incurred or expended by Landlord in obtaining the Draw Proceeds, including, without limitation, reasonable attorneys' fees and costs; or

(d) all other damage, injury, expense or liability caused to or incurred by Landlord as a result of any Event of Default, Draw Event or other breach, failure or default by Tenant under this Lease.

To the extent that Draw Proceeds exceed the amounts so applied, such excess Draw Proceeds will be deemed paid to Landlord to establish a credit on Landlord's books in the amount of such excess, which credit may be applied by Landlord thereafter (in Landlord's sole and absolute discretion), to any of Tenant's obligations to Landlord under this Lease as and when they become due. In the event that Landlord wrongfully draws on the Letter of Credit when there has not been a Draw Event, then Landlord will return the Draw Proceeds from such wrongful draw to Tenant in accordance with the provisions set forth below in this Section 18.4. Following any use or application of the Draw Proceeds, Tenant, if requested by Landlord in writing, must, within ten Business Days after receipt of Landlord's request, cause a replacement Letter of Credit complying with Section 18.1 hereof to be issued and delivered to Landlord; provided, however, that the amount of the replacement Letter of Credit will be an amount equal to the original amount of the Letter of Credit, as set forth in Section 18.1(e) hereof, less any unapplied Draw Proceeds on the date the replacement Letter of Credit is issued. Upon Landlord's receipt of the replacement Letter of Credit, Landlord will deliver the prior original Letter of Credit to Issuer for cancellation (if not theretofore fully drawn) and any unapplied Draw Proceeds will be applied in accordance with Sections 18.4(a), (b), (c) and (d) hereof. If it is determined or adjudicated by a court of competent jurisdiction that Landlord was not entitled to draw on the Letter of Credit (*i.e.*, has wrongfully drawn on the Letter of Credit when there has not been a Draw Event), Tenant may, as its sole and exclusive remedy, cause Landlord to (x) deliver the prior original Letter of Credit to Issuer for cancellation (if not theretofore fully drawn), (y) return to Issuer the amount of the Draw Proceeds which the court determines Landlord was not entitled to draw, and (z) reimburse Tenant for all out-of-pocket fees, costs and interest expenses actually incurred by Tenant as a direct result of Landlord's draw on the Letter of Credit; provided, however, that Tenant may exercise its exclusive remedy only after Tenant has cured all defaults under this Lease and has also caused a replacement Letter of Credit complying with Section 18.1 hereof to be issued and delivered to Landlord. Landlord will not be liable for any other actual damages or any indirect, consequential, special or punitive damages incurred by Tenant in connection with either a draw by Landlord on the Letter of Credit or the use or application by Landlord of the Draw Proceeds. Nothing in this Lease or in the Letter of Credit will confer upon Tenant any property right or interest in any Draw Proceeds; provided, however, that any unapplied portion of the Draw Proceeds shall be returned to Tenant by Landlord following the end of the Term.

18.5 Renewal and Replacement. The Letter of Credit must provide that it will be automatically renewed unless Issuer provides written notice of non-renewal to Landlord at least 30 days prior to the expiration date of the Letter of Credit. If written notice of non-renewal is received from Issuer, Tenant must renew the Letter of Credit or replace it with a new Letter of Credit, at least ten Business Days prior to the stated expiration date of the then-current Letter of Credit. Any renewal or replacement Letter of Credit must meet the criteria set forth in Section 18.1 hereof, and must have a term commencing at least one day prior to the stated expiration date of the immediately prior Letter of Credit. Failure to provide a renewal or replacement Letter of Credit as provided above will, at Landlord's election, be an Event of Default under

this Lease. Notwithstanding the foregoing, Landlord acknowledges and agrees that Tenant shall have the right, from time to time throughout the Term of this Lease, to deliver to Landlord a substitute Letter of Credit hereunder, the form and substance of which substitute Letter of Credit shall be subject to Landlord's reasonable approval and the terms of this Article 18. Upon Tenant's written request from time to time, Landlord shall provide Tenant with a letter confirming the then-current Letter of Credit amount (including the amount of any actual increases and reductions with respect thereto).

18.6 Issuer Quality Event. If an Issuer Quality Event occurs, Tenant, upon 30 days prior written notice from Landlord, must, at its own cost and expense, provide Landlord with a replacement Letter of Credit meeting all of the requirements of Section 18.1 hereof. The term "**Issuer Quality Event**" means Issuer fails to meet the criteria set forth in Section 18.1(a) hereof.

18.7 Additional Agreements of Tenant. Tenant expressly acknowledges and agrees as follows:

(a) the Letter of Credit constitutes a separate and independent contract between Landlord and Issuer, and Tenant has no right to submit a draw to Issuer under the Letter of Credit;

(b) Tenant is not a third-party beneficiary of the contractual relationship between Landlord and Issuer established by the Letter of Credit, and Landlord's ability to either draw under the Letter of Credit for the full or any partial amount thereof or to apply Draw Proceeds may not, in any way, be conditioned, restricted, limited, altered, impaired or discharged by virtue of any Laws to the contrary, including, without limitation, any Laws that restrict, limit, alter, impair, discharge or otherwise affect any liability that Tenant may have under this Lease or any claim that Landlord has or may have against Tenant;

(c) neither the Letter of Credit nor any Draw Proceeds will be or become the property of Tenant, and Tenant does not and will not have any property right or interest therein;

(d) Tenant is not entitled to any interest on any Draw Proceeds;

(e) neither the Letter of Credit nor any Draw Proceeds constitute an advance payment of Rent, security deposit or rental deposit;

(f) neither the Letter of Credit nor any Draw Proceeds constitute a measure of Landlord's damages resulting from any Draw Event, Event of Default or other breach, failure or default (past, present or future) under this Lease; and

(g) Tenant will cooperate with Landlord, at Tenant's sole cost and expense, in promptly executing and delivering to Landlord all modifications, amendments, renewals, extensions and replacements of the Letter of Credit, as Landlord may reasonably request to carry out the terms and conditions of this Article 18.

18.8 Restrictions on Tenant Actions. Tenant hereby irrevocably waives any and all rights and claims that it may otherwise have at law or in equity, to contest, enjoin, interfere with, restrict or limit, in any way whatsoever, any requests or demands by Landlord to Issuer for a draw or payment to Landlord under the Letter of Credit. If Tenant, or any person or entity on Tenant's behalf or at Tenant's discretion, brings any proceeding or action to contest, enjoin, interfere with, restrict or limit, in any way whatsoever, any one or more draw requests or payments under the Letter of Credit, Tenant will be liable for any and all direct and indirect damages resulting therefrom or arising in connection therewith, including, without limitation, reasonable attorneys' fees and costs.

18.9 Cancellation After End of Term. Provided that no Draw Event, Event of Default, or other breach or default under this Lease then exists, Landlord will deliver the Letter of Credit to the Issuer for cancellation within 45 days after Tenant surrenders the Premises to Landlord upon the expiration of the Term.

18.10 Reductions. Provided that no Event of Default or Draw Event has theretofore occurred or then exists, then beginning on the first anniversary of the Commencement Date, and on each anniversary thereafter, Tenant may cause to be issued and delivered to Landlord a substitute Letter of Credit that is in a face amount that is 15% less than the face amount of the then-current Letter of Credit that is being replaced. In addition, notwithstanding the preceding sentence to the contrary, provided that no Event of Default or Draw Event has theretofore occurred or then exists, and also provided that Tenant then satisfies all (and not fewer than all) of the Letter of Credit Financial Conditions, then at any time after the third anniversary of the Commencement Date, Tenant will also have the one-time right to cause to be issued and delivered to Landlord a substitute Letter of Credit that is in a face amount that is 15% less than the face amount of the then-current Letter of Credit that is being replaced. Landlord agrees to execute any documents reasonably requested by the issuer of the Letter of Credit (provided such documents are factually accurate and provided further that the subject reduction is permitted under the terms of this Section 18.10) within ten Business Days after receipt of written request from Tenant or such issuer in order to accomplish such reductions. Landlord's failure to timely execute and deliver any such documents shall be a default under this Lease upon the expiration of five Business Days' written notice from Tenant that Landlord has failed to perform such obligation, which second notice shall provide in bold, all-capital letters at the top of such second notice as follows: "LANDLORD'S FAILURE TO EXECUTE THE ATTACHED DOCUMENTATION REGARDING THE REDUCTION OF THE LETTER OF CREDIT IN ACCORDANCE WITH SECTION 18.10 OF THE LEASE WITHIN FIVE BUSINESS DAYS AFTER RECEIPT OF THIS SECOND NOTICE SHALL BE A DEFAULT BY LANDLORD UNDER THIS LEASE." Each such substitute Letter of Credit will constitute a Letter of Credit for all purposes of this Lease.

Article 19 — Miscellaneous Provisions

19.1 Notices. All Notices must be in writing and must be sent by personal delivery, United States registered or certified mail (postage prepaid) or by an independent overnight courier service, addressed to the addresses specified in the Basic Terms or at such other place as either party may designate to the other party by written notice given in accordance with this Section 19.1. Notices given by mail are deemed delivered within four Business Days after the party sending the Notice deposits the Notice with the United States Post Office. Notices delivered by courier are deemed delivered on the next Business Day after the day the party delivering the Notice timely deposits the Notice with the courier for overnight (next day) delivery. Notices delivered by personal delivery are deemed delivered upon receipt or refusal of delivery.

19.2 Transfer of Landlord's Interest. If Landlord Transfers (other than for collateral security purposes) its ownership interest in the Premises, the transferor is automatically relieved of all obligations on the part of Landlord accruing under this Lease from and after the date of the Transfer, provided that (a) the transferee agrees in writing to assume such obligations, and (b) the transferor delivers or credits to the transferee any funds the transferor holds in which Tenant has an interest (such as a security deposit). Landlord's covenants and obligations in this Lease bind each successive Landlord only during and with respect to its respective period of ownership. However, notwithstanding any such Transfer, the transferor remains entitled to the benefits of Tenant's releases and indemnity and insurance obligations (and similar obligations) under this Lease with respect to matters arising or accruing during the transferor's period of ownership.

19.3 Successors. Subject to the express provisions of this Lease, the covenants and agreements contained in this Lease bind and inure to the benefit of Landlord, its successors and assigns, bind Tenant and its successors and assigns and inure to the benefit of Tenant and its permitted successors and assigns.

19.4 Captions and Interpretation. The captions of the articles and sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular includes the plural and the plural includes the singular.

19.5 Relationship of Parties. This Lease does not create, between the parties to this Lease, the relationship of principal and agent, or of partnership or joint venture, or any other association or relationship, other than that of landlord and tenant.

19.6 Entire Agreement; Amendment. The Basic Terms and all exhibits, addenda and schedules attached to this Lease are incorporated into and made a part of this Lease as though fully set forth in this Lease and together with this Lease contain the entire agreement between the parties with respect to the improvement and leasing of the Premises. All prior and contemporaneous negotiations, including, without limitation, any letters of intent or other proposals and any drafts and related correspondence, are merged into and superseded by this Lease. No subsequent alteration, amendment, change or addition to this Lease (other than to the Property Rules in accordance with the terms of this Lease) is binding on Landlord or Tenant unless it is in writing and signed by the party against whom its enforcement is sought.

19.7 Severability. If any covenant, condition, provision, term or agreement of this Lease is, to any extent, held invalid or unenforceable, the remaining portion thereof and all other covenants, conditions, provisions, terms and agreements of this Lease will not be affected by such holding, and will remain valid and in force to the fullest extent permitted by law.

19.8 Landlord's Limited Liability. Tenant will look solely to Landlord's interest in the Property (and any sale, rental, insurance and condemnation proceeds therefrom) for recovering any judgment or collecting any obligation from Landlord or any other Landlord Party. Tenant agrees that neither Landlord nor any other Landlord Party will be personally liable for any judgment or deficiency decree. In no event is Landlord or any Landlord Party liable to Tenant or any other person for consequential, indirect, special or punitive damages.

19.9 Survival. All of Landlord's or Tenant's obligations under this Lease accruing prior to expiration or other termination of this Lease, or that this Lease contemplates are to survive termination, will survive the expiration or other termination of this Lease until fully paid and/or performed by the applicable party. Interest on surviving payment obligations will continue to accrue at the rates stated in this Lease until fully paid. Further, all of Tenant's and Landlord's releases and indemnification, defense and hold harmless obligations under this Lease survive the expiration or other termination of this Lease until any possible Claims to which the same might apply have been absolutely barred by all applicable statutes of limitation.

19.10 [Intentionally Omitted]

19.11 Brokers. Landlord and Tenant each represents and warrants to the other that it has not had any dealings with any realtors, brokers, finders or agents in connection with this Lease (except as may be specifically set forth herein) and each releases and agrees to indemnify the other from and against any Claims based on the failure or alleged failure to pay any realtors, brokers, finders or agents (other than any brokers specified herein) and from any cost, expense or liability for any compensation, commission or changes claimed by any realtors, brokers, finders or agents (other than any brokers specified herein) claiming by, through or on behalf of it with respect to this Lease or the negotiation of this Lease. Landlord will pay any brokers named in the Basic Terms in accordance with the applicable agreements executed by Landlord for the Property.

19.12 Tenant's Waiver. To the fullest extent allowable under the Laws, Tenant agrees that the Landlord Parties are not liable to Tenant or any other person for, and Tenant releases the Landlord Parties from and waives, any and all Claims resulting or arising, directly or indirectly, from (a) any existing or future breakage, defect, insufficiency, inadequacy, malfunction, interruption, failure, breakdown or similar problem in the Premises or on the Property; (b) any equipment, system or appurtenance becoming out of repair, malfunctioning or failing to function; or (c) any occurrence, event, situation, Casualty, activity, injury, emergency, condition or happening whatsoever at the Property, regardless of whether insured or insurable. This agreement, waiver and release applies regardless of whether the Claim arises (i) from personal injury, property damage, or otherwise; (ii) from the act, omission, negligence, fault or misconduct of other tenants or occupants of the Property or any other person whatsoever; and/or (iii) from Force Majeure, or any other cause or reason whatsoever. Nothing in this Section 19.12, however, relieves Landlord from any liability to Tenant, as provided in this Lease, (A) for the breach of any obligation of Landlord that is expressly set forth in this Lease; (B) for any Claims which arise out of or result from the gross negligence or willful misconduct of any Landlord Party; or (C) with respect to any remedy of Tenant that may be specifically and expressly set forth elsewhere in this Lease.

19.13 Governing Law. This Lease is governed by, and must be interpreted under, the internal laws of the State. Any suit against Landlord or Tenant relating to this Lease must be brought in the county in which the Property is located or, if the suit is brought in federal court, in any federal court appropriate for suits arising in such county; Landlord and Tenant waive the right to bring suit against each other elsewhere.

19.14 Time is of the Essence. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

19.15 Joint and Several Liability. All parties signing this Lease as Tenant are jointly and severally liable for performing all of Tenant's obligations under this Lease.

19.16 Independent Obligations. Except for any right of offset or abatement that may be expressly and specifically set forth in this Lease, Tenant's covenants and obligations to pay Rent are independent from any of Landlord's covenants, obligations, warranties or representations in this Lease.

19.17 Tenant's Authority. If Tenant is an entity, Tenant will, within ten Business Days after Landlord's written request, deliver to Landlord, a resolution from such entity authorizing the execution and delivery of this Lease. Tenant represents and warrants that and each individual signing this Lease on behalf of Tenant is duly authorized to sign on behalf of and to bind Tenant and that this Lease is a duly authorized, binding and enforceable obligation of Tenant.

19.18 Force Majeure. Subject to the limitations expressly set forth in Section 1.2.2, which limitations are solely for the purposes set forth in Section 1.2.2, if Landlord or Tenant is delayed in or prevented from performing any obligation under this Lease (excluding, however, the payment of money) by reason of Force Majeure, Landlord's or Tenant's performance of such obligation (as the case may be) will be excused for a period equal to the period of delay actually caused by the Force Majeure event.

19.19 Management. Property Manager is authorized to manage the Property. Landlord appointed Property Manager to act as Landlord's agent for leasing, managing and operating the Property. The Property Manager then serving is authorized to take actions and give notices and demands under this Lease on Landlord's behalf.

19.20 Financial Statements. Tenant will, without charge to Landlord, in connection with any proposed sale or financing of the Property (but not more often than two times during any twelve month period), within ten Business Days after written request by Landlord, deliver to Landlord copies of Tenant's financial statements prepared in the ordinary course of business for the then most recently ended fiscal year of Tenant, and for the preceding two fiscal years, certified, in writing, by Tenant's chief executive officer or chief financial officer; provided, however, as a condition precedent to Tenant's delivery, Landlord and the party requesting such information shall execute a commercially reasonable form of confidentiality agreement with respect thereto. The aforesaid financial statements must be prepared according to generally accepted accounting principles consistently applied and must include, without limitation, Tenant's balance sheet, income statement, cash flow statement, statement of sources and uses and such other statements reasonably requested by Landlord. Such financial statements must also be certified by an independent certified public accountant or by Tenant's chief financial officer that the same are a true, complete and correct statement of Tenant's financial condition as of the date of such financial statements.

19.21 No Recording. Tenant will not record this Lease or any memorandum of this Lease..

19.22 Nondisclosure of Lease Terms. The terms and conditions of this Lease constitute proprietary information of Landlord that Tenant will keep confidential. Tenant's disclosure of the terms and conditions of this Lease could adversely affect Landlord's ability to negotiate other leases and impair Landlord's relationship with other tenants. Accordingly, Tenant will not, directly or indirectly, disclose the terms and conditions of this Lease to any other tenant or prospective tenant of the Property or to any other person or entity other than Tenant's employees, accountants, attorneys, real estate consultants and agents who have a legitimate need to know such information (and who will also keep the same in confidence) unless, and only to the extent, any such disclosure is required by law or appropriate judicial order.

19.23 Construction of Lease and Terms. The terms and provisions of this Lease are the result of negotiations between Landlord and Tenant, each of which are sophisticated parties and each of which has been represented or been given the opportunity to be represented by legal counsel and/or other advisors of its own choosing, and neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Lease are to be interpreted and construed in accordance with their usual and customary meanings, and Landlord and Tenant each waive the application of any rule of law that ambiguous or conflicting terms or provisions are to be interpreted or construed against the party who drafted the same. Landlord's submission of this instrument to Tenant in draft or final form for examination or signature does not constitute any reservation of, or agreement or option to lease, the Premises. When executed by Tenant and delivered to Landlord, this Lease will be construed as an offer from Tenant to lease the Premises on the terms set forth in this Lease. Tenant's offer to lease may be accepted, and a binding agreement between Tenant and Landlord created, only by Landlord's execution of this Lease and delivery of the fully-executed Lease to Tenant. Once so delivered by Landlord, this Lease will be deemed effective as of the Effective Date.

19.24 No Exculpation for Negligence. Notwithstanding anything in this Lease to the contrary, to the extent that any provision of this Lease is deemed to require either Landlord or Tenant to exculpate the other for the negligence of the other party or the negligent acts of those claiming by, through or under the other party, in a manner that violates any Laws, then such provision will be deemed to be amended so that negligent acts of the party being exculpated are excluded from the other party's obligation to exculpate.

19.25 Anti-Terrorism Representation. Neither Tenant nor any of its affiliates or constituents nor, to the actual knowledge of Tenant, any brokers or other agents of same, have engaged in any dealings or transactions, directly or indirectly, (i) in contravention of any U.S., international or other money laundering regulations or conventions, including without limitation, the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, the United States International Money

Laundering Abatement and Anti-Terrorist Financing Act of 2001, Trading with the Enemy Act (50 U.S.C. § 1 et seq., as amended), or any foreign asset control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto, or (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time to time ("**Anti-Terrorism Order**") or on behalf of terrorists or terrorist organizations, including those persons or entities that are included on any relevant lists maintained by the United Nations, North Atlantic Treaty Organization, Organization of Economic Cooperation and Development, Financial Action Task Force, U.S. Office of Foreign Assets Control, U.S. Securities & Exchange Commission, U.S. Federal Bureau of Investigation, U.S. Central Intelligence Agency, U.S. Internal Revenue Service, or any country or organization, all as may be amended from time to time. Neither Tenant nor any of its affiliates or constituents nor, to the best of Tenant's knowledge, any brokers or other agents of same, (i) are or will be-conducting any business or engaging in any transaction with any person appearing on the U.S. Treasury Department's Office of Foreign Assets Control list of restrictions and prohibited persons, or (ii) are a person described in Section 1 of the Anti-Terrorism Order, and, to actual knowledge of Tenant, neither Tenant nor any of its affiliates have engaged in any dealings or transactions, or otherwise been associated with any such person. If at any time this representation becomes false then it shall be considered a default under the Lease, and Landlord shall have the right to exercise all of the remedies set forth in the Lease upon an Event of a Default or to terminate the Lease immediately.

[Signatures on following page]

Landlord and Tenant have each caused this lease to be executed and delivered by their duly authorized representatives.

Landlord:

PHI Donovan LLC, a Nevada limited liability company

By: */s/ David Harrison*
Name: David Harrison
Its: Manager

Effective Date: November 23, 2016

Tenant:

The Honest Company, Inc., a Delaware corporation

By: */s/ Sean Kane*
Name: Sean Kane
Its: President

By: */s/ David Parker*
Name: David Parker
Its: CFO/COD

Exhibit A – Definitions

"**ADA**" means the accessibility requirements of Title III of the applicable provisions of the Americans with Disabilities Act of 1990, as amended.

"**Additional Rent**" means any charge, fee or expense (other than Basic Rent) payable by Tenant under this Lease, however denoted.

"**Affiliate**" means, with respect to any person or entity, any other person or entity that, directly or indirectly, controls, is controlled by or is under common control with such person or entity. For purposes of this definition, "control" means possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

"**Allowance**" will have the meaning set forth in the Basic Terms.

"**Alteration**" means any change, alteration, addition or improvement to the Premises or Property.

"**Audit Costs**" will have the meaning set forth in Section 3.5.

"**Bankruptcy Code**" means the United States Bankruptcy Code, or any state bankruptcy code, as the same now exists and as the same may be amended, including, without limitation, any and all rules and regulations issued pursuant to or in connection with the United States Bankruptcy Code now in force or in effect after the Effective Date.

"**Basic Rent**" means the basic rent payable by Tenant under this Lease, initially in the amounts specified in the Basic Terms.

"**Basic Terms**" means the terms of this Lease identified as the "Basic Terms" located before Article 1.

"**Building**" means that certain industrial/warehouse building now existing on the Land.

"**Business Days**" means any day other than Saturday, Sunday or a legal holiday in the State.

"**Casualty**" means any physical loss, destruction or damage to property that is caused by (a) fire, windstorm, hail, lightning, vandalism, theft, explosion, collision, accident, flood, earthquake, collapse, or any other peril (including, without limitation, malfunctions or failures of equipment, machinery, sprinkling devices, or air conditioning, heating or ventilation apparatus; occurrences or presence of water, snow, frost, steam, gas, sewage, sewer backup, odors, noise, hail or excessive heat or cold; broken or falling plaster, ceiling tiles, fixtures or signs; broken glass; or the bursting or leaking of pipes or plumbing fixtures); or (b) any other event, occurrence, peril or cause whatsoever, whether similar or dissimilar to the foregoing, whether foreseeable or unforeseeable, and regardless of whether covered or coverable by insurance. "**Casualty**" does not include reasonable wear and tear to the Premises, Property or Landlord's Personal Property resulting from the uses permitted under this Lease.

"**Certificate of Occupancy**" means a certificate of occupancy, governmental sign-off or other document, permit or approval (whether conditional, unconditional, temporary or permanent) that must be obtained by Landlord from the appropriate governmental authority as a condition to the lawful initial occupancy by Tenant of the Premises or any applicable portion thereof

"**Change Order**" means a written order prepared by or on behalf of either Landlord or Tenant, and signed by both Landlord and Tenant, stating in detail the change in the work, and, if appropriate, the increase or decrease to the scope of work, and any anticipated change in the scheduled date for the construction thereof or any change in the cost thereof resulting therefrom; provided, however, that any change in the work generally described in the Outline Specifications or the Site Plan, and any revisions in the Issued for Construction Plans (either as initially proposed' or as finalized) that would effect a change from the work generally described in the Outline Specifications or the Site Plan, or in the theretofore finalized Issued for Construction Plans, will constitute a Change Order hereunder, regardless of whether Tenant signs a written order in regard thereto. In the event any Change Order is required (a)

by any governmental agency with jurisdiction over the work, (b) as a result of field conditions that cannot be reasonably avoided, or (iii) to substitute reasonably equivalent materials to avoid unanticipated delays, strikes or shortages, then Landlord will be authorized to make such changes at Tenant's sole cost and expense and will provide written notice to Tenant.

"**Change Order Costs**" means the sum of (a) all actual so-called "hard" construction costs thereof, including, without limitation, the cost of all materials, labor, equipment, hoisting, insurance, taxes and permits related thereto (all of which will be documented and verifiable); (b) all actual so-called "soft" costs in connection therewith, including, without limitation, all architect's, engineer's and design fees, and all fees and costs relating to the review and approval thereof; (c) the actual cost of all on-site and off-site project management time and other general conditions in connection therewith; and (d) a commercially reasonable contractors' fees. All of the aforesaid actual costs will also include, without limitation, the aggregate of all interest costs actually incurred by Landlord arising in connection with any resultant delays and any and all enforceable payment obligations under those contracts or modifications to contracts entered into by Landlord or its subcontractors, that are necessary to effectuate the Change Order.

"**Claims**" means all claims, actions, demands, liabilities, damages, costs, penalties, forfeitures, losses or expenses including, without limitation, reasonable attorneys' fees and the costs and expenses of enforcing any obligation under this Lease.

"**Commencement Date**" means the earlier of (a) Substantial Completion of Tenant's Improvements in the Premises, (b) the date Tenant commences business operations in the Premises, or (c) the date Substantial Completion of Tenant's Improvements in the Premises would have occurred but for Tenant Delay; provided, however, that the Commencement Date will not be earlier than the Delivery Date specified in the Basic Terms unless Tenant commences business operations in the Premises before such Delivery Date.

"**Common Area**" means the parking area, driveways, landscaped areas, Building electrical/sprinkler room, and other areas of the Property outside of the Premises that Landlord may designate from time to time as common area.

"**Comparable Projects**" has the meaning set forth in Section 9.3.

"**Condemning Authority**" means any person or entity with a statutory or other power of eminent domain.

"**Delivery Date**" means the target date for Landlord's delivery of the Premises to Tenant, which initially is the delivery date specified in the Basic Terms.

"**Draw Event**" has the meaning set forth in Section 18.3 hereof.

"**Draw Proceeds**" has the meaning set forth in Section 18.4 hereof.

"**Effective Date**" means the date set forth as such by Landlord when Landlord executes this Lease, as indicated on the signature page.

"**Event of Default**" means the occurrence of any of the events specified in Section 14.1, or the occurrence of any other event that this Lease expressly labels as an "Event of Default."

"**Fair Market Basic Rent**" means the fair market base rental rate for the Premises for the applicable extension period in relation to comparable (in quality, location and size) space located in the Building and/or the North Las Vegas, Nevada submarket in non-renewal, non-equity transactions, with due consideration given to the following factors regarding the Premises and Tenant, on the one hand, and the comparable space(s) and tenant(s), on the other hand: (a) the financial condition of the tenant; (b) the location, quality and age of the building(s); (c) the extent and quality of leasehold improvements (existing or to be provided) in the premises; (d) rent abatements, if any; (e) the location of the premises within the building; (f) the length of the term; (g) the nature and extent of services provided by the landlord; (h) expense stops, if any; (i) any other concessions given; and (j) other pertinent factors.

"**First Outside Date**" has the meaning set forth in Section 1.2.2.

"**Force Majeure**" means acts of God; strikes; lockouts; labor troubles; inability to procure materials; inclement weather; governmental laws or regulations; casualty; orders or directives of any legislative, administrative, or judicial body or any governmental department; inability to obtain any licenses, permissions or authorities (despite commercially reasonable pursuit of such licenses, permissions or authorities); and other similar or dissimilar causes beyond Landlord's reasonable control (including, without limitation, Tenant Delays).

"**Hazardous Materials**" means any of the following, in any amount: (a) any petroleum or petroleum product, asbestos in any form, urea formaldehyde and polychlorinated biphenyls; (b) any radioactive substance; (c) any toxic, infectious, reactive, corrosive, ignitable or flammable chemical or chemical compound; and (d) any chemicals, materials or substances, whether solid, liquid or gas, defined as or included in the definitions of "hazardous substances," "hazardous wastes," "Hazardous materials," "extremely hazardous wastes," " restricted hazardous wastes," "toxic substances," "toxic pollutants," "solid waste," or words of similar import in any federal, state or local statute, law, ordinance or regulation now existing or existing on or after the Effective Date as the same may be interpreted by government offices and agencies, including, without limitation, (i) trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents, (ii) oil or any petroleum products or fractions thereof, (iii) asbestos, (iv) polychlorinated biphenyls, (v) flammable explosives, (vi) urea formaldehyde, (vii) radioactive materials and waste, and (viii) infectious waste. It is the intent of the parties hereto to construe the term "Hazardous Materials" in its broadest sense.

"**Hazardous Materials Laws**" means any federal, state or local laws, ordinances, codes, statutes, regulations, administrative rules, policies and orders, and other authority, existing now or in the future, which classify, regulate, list or define Hazardous Materials.

"**HazMat Abatement Event**" has the meaning set forth in Section 5.5.

"**HazMat Eligibility Period**" has the meaning set forth in Section 5.5.

"**Independent Arbitrator**" has the meaning set forth in Section 1.6.1.

"**Independent CPA**" has the meaning set forth in Section 3.5.

"**Issued for Construction Plans**" means the final issued for construction working drawings and specifications that Landlord will initially prepare and submit to Tenant, and that will be finalized in accordance with Section 17.1.2.

"**Issuer**" has the meaning set forth in Section 18.1(a) hereof.

"**Issuer Quality Event**" has the meaning set forth in Section 18.6 hereof.

"**Land**" means that certain real property legally described on the attached Exhibit B.

"**Landlord**" means only the owner or owners of the Property at the time in question.

"**Landlord Parties**" means Landlord, Property Manager, their Affiliates, any mortgage lender regarding the Property, and their respective officers, directors, partners, shareholders, members, agents, contractors and employees.

"**Landlord's Knowledge,**" "**to the best of Landlord's knowledge,**" and words of similar import mean will mean the actual knowledge of Keith L. Earnest, Executive Vice President of VanTrust Real Estate, LLC (which is an Affiliate of Landlord), without independent inquiry or investigation.

"**Landlord's Personal Property**" means any trade fixtures, inventory, equipment, vehicles, or other personal property of any type or kind located at or about the Property that is owned or leased by, or is otherwise under the care, custody or control of, Landlord or its agents, employees, contractors, or invitees.

"**Landlord's Unreleased Casualty Claims**" means any uninsured loss or deductible amount Landlord incurs as a result of any Casualty to the Premises, Property or Landlord's Personal Property that is caused by the negligent acts or omissions of Tenant, up to a maximum of $25,000 (to be increased 3% per year for inflation during the Term) for any single occurrence.

"**Laws**" means any law, regulation, rule, order, statute or ordinance of any governmental or private entity in effect on or after the Effective Date and applicable to the Property or the use or occupancy of the Property, including, without limitation, Hazardous Materials Laws, Property Rules and Permitted Encumbrances; provided, however, that with respect to Landlord's construction obligations, "**Laws**" will mean only any applicable building code and the dimensional aspects of any applicable zoning ordinances, except as otherwise expressly provided herein.

"**Lease**" means this Warehouse Lease Agreement, as the same may be amended or modified after the Effective Date.

"**Letter of Credit**" has the meaning set forth in Section 18.1 hereof.

"**Letter of Credit Financial Conditions**" will mean all of the following:

(a) Tenant's annual EBITDA (*i.e.*, earnings before interest, taxes, depreciation and amortization) margin, determined in accordance with generally accepted accounting principles consistently applied, has been at least 12% for each of Tenant's immediately preceding two fiscal years (as of the date of the proposed Letter of Credit substitution);

(b) Tenant's annual leverage ratio (*i.e.*, total debt-to-EBITDA), determined in accordance with generally accepted accounting principles consistently applied, has not been greater than 2.0 for either of Tenant's immediately preceding two fiscal years (as of the date of the proposed Letter of Credit substitution);

(c) Tenant's cash reserves, determined in accordance with generally accepted accounting principles consistently applied, have not been less than $40,000,000.00 at any time during Tenant's immediately preceding two-fiscal year period (as of the date of the proposed Letter of Credit substitution);

(d) Tenant's annual revenues, determined in accordance with generally accepted accounting principles consistently applied, have not been less than $400,000,000.00 for either of Tenant's immediately preceding two fiscal years (as of the date of the proposed Letter of Credit substitution); and

(e) Tenant's tangible shareholders' equity (*i.e.*, tangible net worth), determined in accordance with generally accepted accounting principles consistently applied, has not been less than $100,000,000.00 for either of Tenant's immediately preceding two fiscal years (as of the date of the proposed Letter of Credit substitution).

"**Major Alterations**" means Alterations involving any modifications to (a) the structural, mechanical, electrical, plumbing, fire/life safety or heating, ventilating and air conditioning systems of the Building, or (b) any portion of the Property outside of the interior of the Premises.

"**Maximum Rate**" means interest at a per annum rate equal to three percentage points in excess of the "**prime rate**" of interest then charged by Bank of America, N.A., Chicago, Illinois (or, if it is not then in existence, its successor, or if neither is then in existence, another reasonably comparable bank selected by Landlord), from the date when the same is due until the same has been paid, but if such rate exceeds the maximum interest rate permitted by law, such rate will be reduced to the highest rate allowed by law under the circumstances.

"**Mortgage**" means any mortgage, deed of trust, security interest, ground lease or other security document of like nature that at any time may encumber all or any part of the Property and any replacements, renewals, amendments, modifications, extensions or refinancings thereof, and each advance (including future advances) made under any such instrument.

"**Net Rent**" means all Rent that Landlord actually receives from any re-letting of all or any part of the Premises, after first deducting the Re-Entry Costs and any other amounts owed by Tenant to Landlord.

"**Notices**" means all notices, deliveries, demands or requests that may be or are required to be given, provided, demanded or requested by either party to the other as provided in this Lease, excluding communications by Landlord regarding Tenant's Improvements that are made to the "**Tenant Representative**" appointed by Tenant under Article 17.

"**Operating Expenses**" means, subject to the exclusions listed below, all costs, expenses and charges that Landlord pays or incurs in connection with managing, maintaining, repairing and operating the Property, as reasonably determined by Landlord, including, without limitation, the following:

(a) insurance premiums and deductible amounts under any insurance policy

(b) steam, electricity, water, sewer, gas and other utility charges;

(c) lawn care and landscaping;

(d) re-painting, re-striping, seal-coating, cleaning, sweeping, patching and repairing paved surfaces;

(e) snow removal;

(f) maintenance and repair of the Building and Common Areas;

(g) rubbish removal and other services provided to the Property;

(h) property association fees, dues and assessments and all payments under any Permitted Encumbrance (except Mortgages) affecting the Property;

(i) wages, benefits and other related costs and expenses payable to and associated with persons at the level of manager and below whose duties are connected with managing, maintaining, repairing and operating the Property (but only for the portion of such persons' time allocable to the Property);

(j) uniforms, supplies, materials, lighting systems (including bulbs, poles and fixtures) and equipment used in connection with managing, maintaining, repairing and operating the Property;

(k) replacements required for the normal maintenance, repair and operation of the Property; reasonable management fees (not to exceed 1.5% of gross revenue);

(m) capital improvements installed by Landlord either (i) to comply with changes in Laws or the interpretation or enforcement thereof occurring after the Effective Date, or (ii) with a reasonable expectation of reducing energy costs or other Operating Expenses; provided that in computing Operating Expenses Landlord will amortize the cost of such capital improvements (including reasonable charges for interest on the unamortized amount) over their useful life (as reasonably determined by Landlord in accordance with generally accepted accounting principles, consistently applied);

(n) costs, expenses and charges incurred by Landlord in connection with public rights of way or other public facilities, easements or other appurtenances to the Property; and

(o) such other costs, expenses and charges as may ordinarily be incurred in connection with managing, maintaining, repairing and operating an industrial/warehouse complex similar to the Property.

"**Operating Expenses**" do not include the following:

(aa) the cost of capital improvements to the Property, except as provided in clause (m) above;

(bb) marketing costs, leasing commissions and tenant expenses Landlord incurs in connection with leasing or procuring tenants or renovating space for new or existing tenants;

(cc) legal expenses incident to Landlord's enforcement of any lease;

(dd) interest or principal payments on any Mortgage of Landlord (except as allowed under clause (m) above);

(ee) any expense for which Landlord is directly reimbursed by another tenant other than as an Operating Expense;

(ft) the cost of any repairs, restoration or other work for which Landlord is directly reimbursed by insurance proceeds or Taking awards;

(gg) any amount paid for products or services to an entity that is an Affiliate of Landlord, but only to the extent such amount exceeds the fair market value of such services and products;

(hh) the costs of any utilities that are separately metered to the Premises or to another tenant's premises;

(ii) any costs (including overtime), fines or penalties imposed on Landlord for failing to timely perform its obligations under this Lease;

(jj) salaries and fringe benefits of employees not related to the management, operation, repair or maintenance of the Property, or to anyone above the level of Property manager;

(kk) any rent payable under any ground lease now or hereafter affecting the Property;

(11) expenses resulting from any violation by Landlord of the terms of any lease of space in the Building;

(mm) any bad debt loss, rental loss, or reserves for bad debts or rental loss;

(m) costs (other than the cost of routine maintenance and monitoring) of remediation of Hazardous Materials that are in or on the Property as of the Effective Date and that are classified as Hazardous Materials under Laws in effect as of the Effective Date;

(oo) any costs that would allow Landlord a "double recovery" of any other costs for which Landlord is directly reimbursed other than as an Operating Expense;

(pp) costs associated with the acquisition, sale or refinancing of the Property, including, without limitation, consulting or brokerage commissions, origination fees or points, and interest cost or charges;

(qq) costs associated with the acquisition, sale or financing of the fee, ground lease, air rights or development rights with respect to the Property;

(rr) costs arising from the gross negligence or willful misconduct of Landlord;

(ss) Landlord's charitable or political contributions;

(tt) accounting fees related to acquisition, construction or sale with respect to the Property (it being acknowledged that accounting fees in connection with leasing the Building shall be included in Operating Expenses);

(uu) any reserves;

(vv) costs associated with the operation of the business of the entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Property, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Property, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(ww) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment (i) which are not commercially reasonable either as to type or amount (based upon the practices of landlords of Comparable Projects), and (ii) the cost of which, if purchased, would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Property which is used in providing janitorial or similar services and, further excepting from this exclusion, such equipment rented or leased to remedy or ameliorate an emergency condition in the Property;

(xx) insurance deductibles in excess of customary deductible amounts carried by landlords of the Comparable Projects, provided, however, that in connection with any insurance deductible amounts included in Operating Expenses as a result of an earthquake which are for items otherwise classified as capital items, such amounts shall be amortized into Operating Expenses over a period of fifteen (15) years;

(yy) advertising and promotional expenses and costs of signs in or on the Property exclusively identifying the owner of the Property;

(zz) costs due to violations of any Permitted Encumbrances pertaining to the sharing of costs by the Property;

(aaa) legal expenses to prepare any documents that create Permitted Encumbrances;

(bbb) the costs of any flowers, gifts, balloons, etc. provided to any prospective tenants, Tenant, other tenants, and occupants of the Property;

(ccc) costs reimbursed to Landlord under any warranty carried by Landlord for the Building and/or the Property, which warranties Landlord shall use commercially reasonable efforts to enforce and such costs of enforcements shall be included in Operating Expenses; and

(ddd) penalties and fines of any kind, including non-compliance with any applicable building or fire code for conditions that are created by any Landlord Party during the Term, and any failure of Landlord to comply with applicable Laws as required under this Lease, in all cases except to the extent caused by Tenant or any Tenant Party.

"**Outline Specifications**" has the meaning set forth in Section 17.1.

"**Permitted Encumbrances**" means all easements, declarations, encumbrances, covenants, conditions, reservations, restrictions and other matters now or after the Effective Date affecting title to the Property.

"**Premises**" means that certain space situated in the Building shown and designated on the Site Plan and described in the Basic Terms.

"**Property**" means, collectively, the Land, Building and all other improvements on the Land.

"**Property Expenses**" means the total amount of Property Taxes and Operating Expenses due and payable with respect to the Property during any calendar year of the Term.

"**Property Manager**" means the property manager named in the Basic Terms or any successor property manager Landlord may appoint from time to time to manage the Property.

"**Property Rules**" means those certain rules set forth on the attached Exhibit E, as Landlord may amend the same from time to time.

"**Property Taxes**" means any general real property tax, improvement tax, assessment, special assessment, reassessment, commercial rental tax, in lieu tax, levy, charge, penalty or similar imposition imposed by any authority having the direct or indirect power to tax, including, without limitation, (a) any city, county, state or federal entity, (b) any school, agricultural, lighting, drainage or other improvement or special assessment district, (c) any governmental agency, or (d) any private entity having the authority to assess the Property under any of the Permitted Encumbrances. The term "Property Taxes" includes, without limitation, all charges or burdens of every kind and nature Landlord incurs in connection with using, occupying, owning, operating, leasing or possessing the Property, without particularizing by any known name and whether any of the foregoing are general, special, ordinary, extraordinary, foreseen or unforeseen; any tax or charge for fire protection, street lighting, streets, sidewalks, road maintenance, refuse, sewer, water or other services provided to the Property. The term "Property Taxes" will also include, without limitation, any tax payable by Landlord with respect to the Property (and to the extent pertaining to the Property) pursuant to NRS Chapter 363(C) (Commerce Tax) with respect to this Lease or the Property, or any portion thereof; provided, however, that such Commerce Tax will be allocated among Tenant and any other tenants or occupants making payments to Landlord that are taxable pursuant to NRS Chapter 363(C) on a pro rata basis based on the ratio of the amounts paid by Landlord and such other tenants or occupants to the total revenue received by Tenant that is subject to such Commerce Tax; provided further, however, that in no event will the amount payable by Tenant on account of the Commerce Tax exceed $10,000.00 ("Commerce Tax Cap") in the aggregate with respect to any tax year for which Commerce Tax is calculated; and provided further, however, that the Commerce Tax Cap will be adjusted proportionately if after the Effective Date, (i) the current (as of the Effective Date) $4,000,000.00 revenue deduction allowed for purposes of computation of the Commerce Tax is adjusted, or (ii) the Commerce Tax rate applied to calculate the Commerce Tax payable by Landlord is increased or decreased from the amount thereof as of the Effective Date, which the parties acknowledge is 0.25%. The term "Property Taxes" does not include (i) any excess profits taxes, franchise taxes, gift taxes, capital stock taxes, transfer taxes, excise taxes, special assessments levied against property other than real estate, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project) unless any such income, franchise, transfer or profit taxes are in substitution for any Property Taxes payable hereunder, (ii) any items included as Operating Expenses, (iii) any items paid directly by Tenant or other occupants under this Lease or their respective leases, or (iv) tax penalties, interest or late charges (unless due to Tenant's late payment under this Lease). If Landlord is entitled to pay, and elects to pay, any of the above listed assessments or charges in installments over a period of two or more calendar years, then only such installments of the assessments or charges (including interest thereon) as are actually paid in a calendar year will be included within the term "Property Taxes" for such calendar year; provided, however, that all special assessments which may be paid in installments (without penalty or interest) shall be paid by Landlord in the maximum number of installments permitted by law and not included in Property Taxes except in the year in which the assessment is actually paid; and provided further, however, that if the prevailing practice in Comparable Projects is to pay such assessments on an early basis, and Landlord pays the same on such basis, such assessments shall be included in Property Taxes in the year paid by Landlord.

"**Re-Entry Costs**" means all costs and expenses Landlord incurs re-entering or reletting all or any part of the Premises after an Event of Default, including, without limitation, all costs and expenses Landlord incurs (a) maintaining or preserving the Premises; (b) recovering possession of the Premises, removing persons and property from the Premises and storing such property (including court costs and reasonable attorneys' fees); (c) renovating or altering the Premises; and/or (d) reletting the Premises (including, without limitation, real estate commissions, advertising expenses and similar expenses paid or payable in connection with reletting all or any part of the Premises). "Re-Entry Costs" also includes the value of free rent and other concessions Landlord gives in connection with re-entering or reletting all or any part of the Premises.

"**Rent**" means, collectively, Basic Rent and Additional Rent.

"**Rent Tax**" means any tax or excise on rents, all other sums and charges required to be paid by Tenant under this Lease, and gross receipts tax, transaction privilege tax or other tax, however described, that is levied or assessed by the United States of America, the State or any city, municipality or political subdivision thereof, against Landlord in respect to the Basic Rent, Additional Rent or other charges payable under this Lease or as a result of Landlord's receipt of such rents or other charges accruing under this Lease; provided, that "Rent Tax" does not include any federal, state or local income tax or other tax, however denominated, that is applied to or measured by the net income of Landlord.

"**Request for Confirmation of Commencement Date Memorandum**" has the meaning set forth in Section 1.2.3.

"**Rooftop Equipment**" has the meaning set forth in Section 4.9.

"**Second Outside Date**" has the meaning set forth in Section 1.2.2.

"**Self-Help Notice**" has the meaning set forth in Section 7.2.4.

"**Site Plan**" has the meaning set forth in the Basic Terms.

"**SNDA**" means a commercially reasonable form of subordination, non-disturbance and attornment agreement to be provided from time to time as set forth in this Lease, wherein (among other things) the Mortgage holder will agree that as long as no Event of Default occurs under this Lease, the holder of the Mortgage will not disturb Tenant's rights of possession under this Lease.

"**State**" means the State in which the Property is located.

"**Substantial Completion**" means either (a) the date a Certificate of Occupancy (or all approvals required for the issuance thereof) is obtained for the Premises, thereby allowing Tenant the lawful ability to occupy the Premises, or (b) if a Certificate of Occupancy is not required as a condition to Tenant's lawful occupancy of the Premises, the date that the Tenant's Improvements for the Premises are substantially completed (subject to punch list items), as confirmed in writing by Landlord's architect; provided, however, that if either (a) or (b) is delayed or prevented because of any Tenant Delays or work for which Tenant is responsible to perform in the Premises, "Substantial Completion" means the date that all of Landlord's work that is necessary for either (a) or (b) to occur has been performed, subject to punch list items (or would have been performed were it not for Tenant Delays) and Landlord has made the Premises available to Tenant for the performance of Tenant's work (or would have made the Premises so available were it not for Tenant Delays).

"**Taking**" means the exercise by a Condemning Authority of its power of eminent domain on all or any part of the Property, either by accepting a deed in lieu of condemnation or by any other manner.

"**Tenant**" means the tenant identified in this Lease and such tenant's permitted successors and assigns. In any provision relating to the conduct, acts or omissions of "Tenant," the term "Tenant" includes the tenant identified in this Lease and such tenant's agents, employees, contractors, invitees, successors, assigns and others using the Premises or on the Property with Tenant's express or implied permission.

"**Tenant Damage**" means any loss, destruction or damage to the Premises, Property or Landlord's Personal Property caused by (a) gross negligence or reckless or intentionally wrongful acts, omissions or conduct of Tenant, (b) any waste or excessive or unreasonable wear and tear caused or permitted by Tenant, (c) any unauthorized modifications or Alterations caused or permitted by Tenant; (d) Tenant's installation or removal of any Alterations or Tenant's Personal Property; (e) Tenant's failure to surrender possession of the Premises in accordance with the requirements of Article 16 hereof; or (f) the negligent acts or omissions of Tenant, but only to the extent of any uninsured loss or deductible amount Landlord incurs as a result thereof, up to a maximum of $25,000 (to be increased 3% per year for inflation during the Term for any single occurrence).

"**Tenant Delay**" means any delay caused or contributed to by Tenant, including, without limitation, with respect to Tenant's Improvements, Tenant's failure to timely prepare or approve a space plan for Tenant's Improvements, Tenant's failure to timely prepare or approve the Issued for Construction Plans, and any delay from any revisions Tenant proposes to the approved Issued for Construction Plans; provided, however, Landlord will use commercially reasonable efforts to notify Tenant of any Tenant Delay promptly after Landlord has actual knowledge thereof.

"**Tenant Parties**" means the tenant identified in this Lease, its Affiliates, and their respective officers, directors, partners, shareholders, members and employees.

"**Tenant's Improvements**" means those initial improvements to the office portion of the Premises that are generally described in the space plan attached hereto as Exhibit F, subject to Article 17.

"**Tenant's Personal Property**" means any trade fixtures, inventory, equipment, vehicles, or other personal property of any type or kind located at or about the Property that is owned or leased by, or is otherwise under the care, custody or control of, Tenant or its agents, employees, contractors, or invitees. For the sake of clarity, Tenant's Personal Property includes, without limitation, any and all furniture, fixtures and equipment located in the Premises at any time from or after the Commencement Date, even if the same had previously been owned by a prior tenant or occupant.

"**Tenant's Share of Property Expenses**" means the product obtained by multiplying the amount of Property Expenses for the period in question by the Tenant's Share of Property Expenses Percentage.

"**Tenant's Share of Property Expenses Percentage**" means the percentage computed by (a) dividing the rentable square feet of the Premises by the total rentable square feet of the Building and (b) multiplying the quotient by 100, and is subject to adjustment from time to time based on corrective measurement of the Premises or the Building by Landlord.

"**Tenant's Unreleased Casualty Claims**" means any uninsured loss or deductible amount Tenant incurs as a result of any Casualty to Tenant's Personal Property that is caused by the negligent acts or omissions of Landlord or any Landlord Party, up to a maximum of $25,000 (to be increased 3% per year for inflation during the Term) for any single occurrence.

"**Tenant Users**" means the Tenant Parties and Tenant's agents, representatives, contractors, subcontractors, invitees, guests, clients, and any other persons or entities who use, occupy or enter upon the Premises or the Property in connection with Tenant's use and occupancy of the Premises.

"**Term**" means the initial term of this Lease specified in the Basic Terms and, if applicable, any exercised extension period then in effect.

"**Thirty-Day Period**" has the meaning set forth in Section 1.6.1.

"**Transfer**" means an assignment, mortgage, pledge, transfer, sublease, license or other encumbrance or conveyance (voluntarily, by operation of law or otherwise) of this Lease or the Premises or any right, title or interest in or created by this Lease or the Premises. The term "**Transfer**" also includes any assignment, mortgage, pledge, transfer or other encumbering or disposal (voluntarily, by operation of law or otherwise) of any ownership interest in Tenant that results or could result in a change of control of Tenant.

"**Transfer Costs**" has the meaning set forth in Section 13.1.

WALLACE MORRIS KLINE SURVEYING, LLC
Land Survey Consulting

APN: 123-30-801-004, 123-31-502-001, 123-31-602-003
OWNER: TOMO JD LLC, PHI DONOVAN LAND LLC
BUILDING 8 AREA

EXHIBIT “A”

EXPLANATION: THIS DESCRIPTION REPRESENTS THE BUILDING 8 AREA IN SUPPORT OF THE “NORTHGATE SOUTH INDUSTRIAL” PROJECT.

DESCRIPTION

A PORTION OF THAT CERTAIN GRANT BARGAIN AND SALE DEED RECORDED FEBRUARY 12, 2015 IN BOOK 20150212, AS INSTRUMENT NO. 02261, AND A PORTION OF THAT CERTAIN GRANT BARGAIN AND SALE DEED RECORDED OCTOBER 11, 2016 IN BOOK 20161011, AS INSTRUMENT NO. 02547, OFFICIAL RECORDS, CLARK COUNTY, NEVADA, LYING WITHIN THE SOUTHEAST QUARTER (SE1/4) OF THE SOUTHEAST QUARTER (SE1/4) OF SECTION 30 AND THE NORTHEAST QUARTER (NE1/4) OF SECTION 31, TOWNSHIP 19 SOUTH, RANGE 62 EAST, M.D.M., CITY OF NORTH LAS VEGAS, CLARK COUNTY, NEVADA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE SOUTHEAST QUARTER (SE1/4) OF THE SOUTHEAST QUARTER (SE1/4) OF SAID SECTION 30;

THENCE ALONG THE SOUTH LINE THEREOF, SOUTH 87°16’57” WEST, 536.96 FEET TO THE **POINT OF BEGINNING**;

THENCE FROM A POINT TO WHICH A RADIAL LINE BEARS SOUTH 18°06’24” WEST, CURVING TO THE LEFT ALONG AN ARC HAVING A RADIUS OF 695.00 FEET, CONCAVE NORTHERLY, THROUGH A CENTRAL ANGLE OF 06°13’59”, AN ARC LENGTH OF 75.61 FEET TO A POINT TO WHICH A RADIAL LINE BEARS SOUTH 11°52’24” WEST;

THENCE SOUTH 12°11’44” WEST, 37.81 FEET;

THENCE CURVING TO THE RIGHT ALONG AN ARC HAVING A RADIUS OF 60.00 FEET, CONCAVE NORTHWESTERLY, THROUGH A CENTRAL ANGLE OF 28°11’06”, AN ARC LENGTH OF 29.52 FEET;

THENCE SOUTH 40°22’50” WEST, 21.86 FEET;

THENCE SOUTH 49°37’10” EAST, 448.00 FEET;

THENCE NORTH 40°22’50” EAST, 17.77 FEET;

THENCE CURVING TO THE RIGHT ALONG AN ARC HAVING A RADIUS OF 60.00 FEET CONCAVE SOUTHEASTERLY, THROUGH A CENTRAL ANGLE OF 50.’51’59”, AN ARC LENGTH OF 53.27 FEET;

THENCE SOUTH 88’45’11” EAST, 49.40 FEET;

THENCE SOUTH 01°14’49” WEST, 26.92 FEET;

THENCE FROM A POINT TO WHICH A RADIAL LINE BEARS NORTH 01’14’49” EAST, CURVING TO THE RIGHT ALONG AN ARC HAVING A RADIUS OF 10.00 FEET, CONCAVE SOUTHWESTERLY, THROUGH A CENTRAL ANGLE OF 87’47’49”, AN ARC LENGTH OF 15.32 FEET;

THENCE SOUTH 00°57’22” EAST, 211.72 FEET;

THENCE CURVING TO THE RIGHT ALONG AN ARC HAVING A RADIUS OF 95.00 FEET, CONCAVE WESTERLY, THROUGH A CENTRAL ANGLE OF 19’45’04”, AN ARC LENGTH OF 32.75 FEET TO A POINT OF REVERSE CURVATURE TO WHICH A RADIAL LINE BEARS NORTH 71°12’18’ WEST;

THENCE CURVING TO THE LEFT ALONG AN ARC HAVING A RADIUS OF 105.00 FEET, CONCAVE EASTERLY, THROUGH A CENTRAL. ANGLE OF 18’31’53’, AN ARC LENGTH OF 33.96 FEET;

THENCE SOUTH 00°15’49” WEST, 183.48 FEET;

THENCE SOUTH 44’48’42” WEST. 261.55 FEET;

THENCE SOUTH 45’11’18” EAST, 150.00 FEET;

THENCE SOUTH 44°48’42” WEST, 371.10 FEET;

THENCE NORTH 49’37’10” WEST, 1,471.61 FEET;

THENCE NORTH 40°22’50” EAST, 558.77 FEET;

THENCE NORTH 40°23’16” EAST, 311.54 FEET;

THENCE CURVING TO THE RIGHT ALONG AN ARC HAVING A RADIUS OF 54.00 FEET, CONCAVE SOUTHERLY, THROUGH A CENTRAL ANGLE OF 90-00’33’ AN ARC LENGTH OF 84.83 FEET;

THENCE SOUTH 49°36’11” EAST, 128.34 FEET;

THENCE CURVING TO THE LEFT ALONG AN ARC HAVING A RADIUS OF 895.00 FEET, CONCAVE NORTHEASTERLY, THROUGH A CENTRAL ANGLE OF 22°17’75”, AN ARC LENGTH OF 270.38 FEET TO THE POINT OF BEGINNING.

CONTAINING 29.73 ACRES, MORE OR LESS.

BASIS OF BEARINGS

NORTH 00°04’20” WEST, BEING THE BEARING OF THE WEST LINE OF THE SOUTHWEST QUARTER (SW1/4) OF THE SOUTHWEST QUARTER (SW1/4) OF SECTION 29, TOWNSHIP 19 SOUTH, RANGE 82 EAST, M.D.M., CITY OF NORTH LAS VEGAS, CLARK COUNTY, NEVADA, AS SHOWN BY MAP THEREOF ON FILE IN BOOK 152, PAGE 18 OF PLATS IN THE CLARK COUNTY RECORDER’S OFFICE, NEVADA.

TEX J. BROOKS, PLS
NEVADA LICENSE NO. 13747

Exhibit C – Site Plan

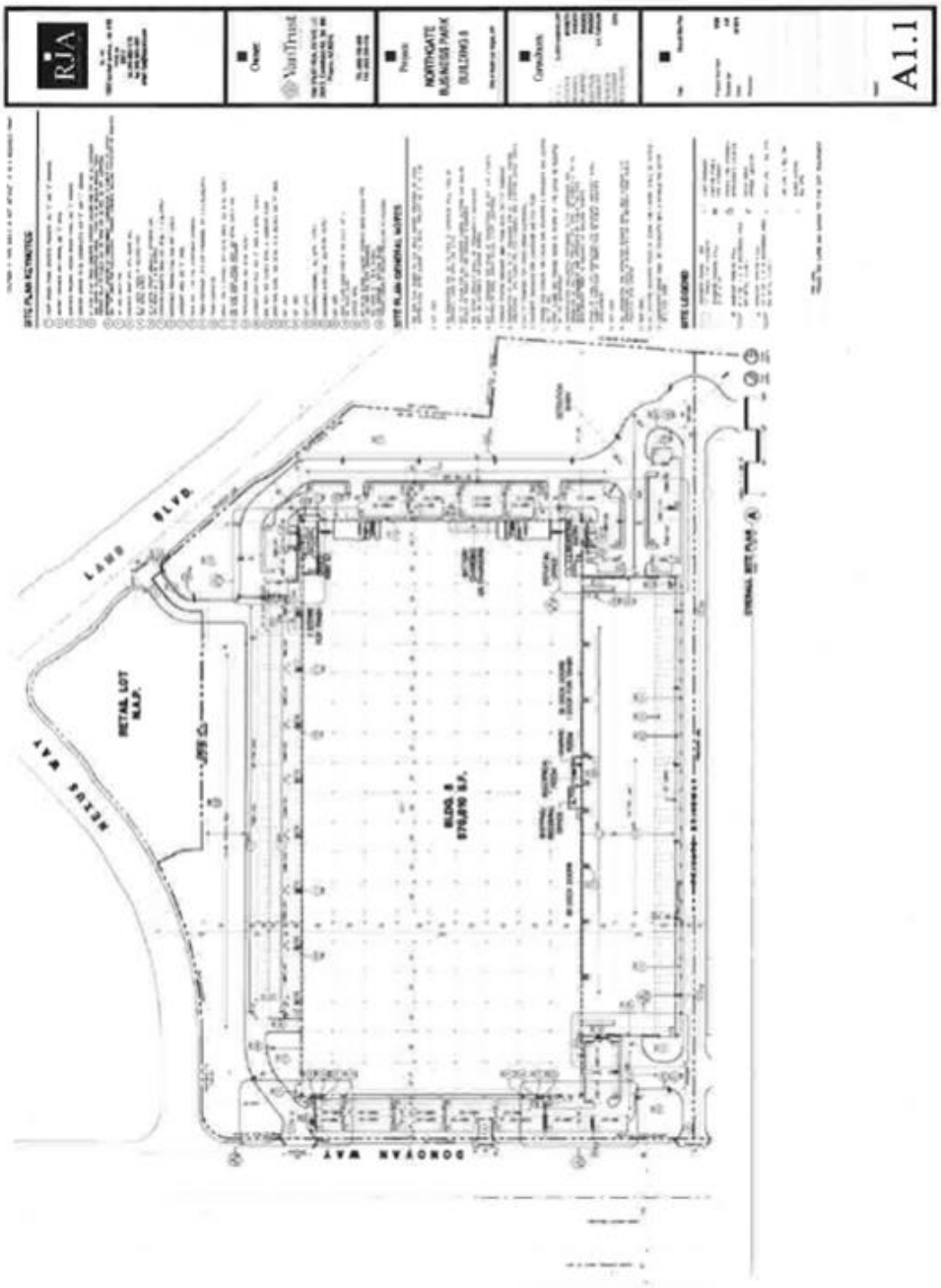

Exhibit D — Commencement Date Memorandum

Commencement Date Memorandum

This Commencement Date Memorandum ("**Memorandum**") is made and entered into as of _____, 20_, by and between PHI Donovan Land, LLC, a Nevada limited liability company, as Landlord, and The Honest Company, Inc., a Delaware corporation, as Tenant.

Recitals

A. Landlord and Tenant are parties to that certain Warehouse Lease Agreement dated as of November 16, 2016 ("**Lease**"), relating to certain premises ("**Premises**") located in the building commonly known as Donovan Way, North Las Vegas, Nevada ("**Building**").

B. All capitalized terms not otherwise defined in this Memorandum have the meanings given them in the Lease.

C. Landlord and Tenant desire to confirm the Commencement Date, the size of the Premises and Building, and Tenant's Share of Property Expenses Percentage.

Acknowledgments

Pursuant to Section 1.2 of the Lease and in consideration of the facts set forth in the Recitals, Landlord and Tenant acknowledge and agree as follows:

1. The Commencement Date under the Lease is _____, 20__.

2. The Premises contain 570,810 rentable square feet.

3. The Building contains 570,810 rentable square feet.

4. The Tenant's Share of Property Expenses Percentage is 100%.

[Signatures on following page]

Landlord and Tenant have each caused this Memorandum to be executed and delivered by their duly authorized representatives as of the day and date first written above. This Memorandum may be executed in counterparts, each of which is an original and all of which constitute one instrument.

Landlord:

PHI Donovan Land, LLC, a Nevada limited liability company

By: _____

Its: _____

Tenant:

The Honest Company, Inc., a Delaware corporation

By: _____

Its: _____

Exhibit E — Property Rules

The following Property Rules apply to and govern Tenant's use of the Premises and Property. Capitalized terms have the meanings given in the Lease, of which these Property Rules are a part. Tenant is responsible, as and to the extent set forth in the Lease, for all Claims arising from any violation of the Property Rules by Tenant.

1. No awning or other projection may be attached to the outside walls of the Premises or Property. No curtains, blinds, shades or screens visible from the exterior of the Premises may be attached to or hung in, or used in connection with, any window or door of the Premises without the prior written consent of Landlord. Such curtains, blinds, shades, screens or other fixtures must be of a quality, type, design and color, and attached in a manner, approved by Landlord in writing (which approval shall not be unreasonably withheld, conditioned or delayed).

2. No sign, lettering, picture, notice or advertisement that is visible from the exterior of the Premises or Property may be installed on or in the Premises without Landlord's prior written consent, and then only in such manner, character and style as Landlord may have approved in writing (which consent and approval shall not be unreasonably withheld, conditioned or delayed).

3. Tenant will not obstruct sidewalks, driveways, parking areas or any other Common Area in and about the Property used in common with other tenants.

4. Tenant will not create or allow obnoxious or harmful fumes, odors, smoke or other discharges that may be offensive to the other occupants of the Property or neighboring properties, or otherwise create any nuisance.

5. The Premises may not be used for cooking (as opposed to heating of food), lodging, sleeping or for any immoral or illegal purpose.

6. Tenant will not make excessive noises, cause disturbances or vibrations or use or operate any electrical or mechanical devices or other equipment that emit excessive sound or other waves or disturbances or that may be offensive to the other occupants of the Property, or that may unreasonably interfere with the operation of any device, equipment, computer, video, radio, television broadcasting or reception from or within the Property or elsewhere.

7. Tenant assumes full responsibility for protecting its space from theft, robbery and pilferage, which includes keeping valuable items locked up and doors locked and other means of entry to the Premises closed and secured after business hours and at other times the Premises are not in use.

8. Unless, expressly permitted by Landlord, no additional locks or similar devices may be attached to any door or window and no keys other than those provided by Landlord may be made for any door. If more than two keys for one lock are desired by the Tenant, Landlord will provide the same upon payment by the Tenant. Upon termination of this Lease or of Tenant's possession, Tenant will surrender all keys of the Premises and will explain to Landlord all combination locks on safes, cabinets and vaults.

9. If Tenant installs satellite dishes, antennae or similar equipment, Tenant will first obtain Landlord's written approval, and comply with Landlord's instructions in their installation.

10. The water and wash closets, drinking fountains and other plumbing fixtures will not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, coffee grounds or other substances may be thrown therein.

11. Tenant will not overload any utilities serving the Premises.

12. Tenant will not locate or store any equipment, materials, supplies or other property outside of the interior of the Premises.

13. All loading, unloading, receiving or delivery of goods, supplies, furniture or other items will be made only through entryways provided for such purposes.

14. Canvassing, soliciting, and peddling in or about the Property is prohibited and Tenant will cooperate to prevent the same.

15. Tenant will store all its, trash and garbage in proper receptacles or other facilities for such purpose located in the areas designated therefor by Landlord.

16. Tenant will comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

17. Tenant will not park or permit parking in any areas designated by Landlord for parking by visitors to the Property or for the exclusive use of tenants or other occupants of the Property.

18. Parking stickers or any other device or form of identification supplied by Landlord as a condition of use of the parking facilities will remain the property of Landlord. Such parking identification device must be displayed as requested and may not be mutilated or obstructed in any manner. Such devices are not transferable and any device in the possession of an unauthorized holder will be void.

19. Parking is prohibited (a) in areas not striped for parking; (b) in aisles; (c) where "**no parking**" signs are posted; (d) on ramps; (e) in cross-hatched areas; (f) in loading areas; and (g) in such other areas as may be designated by Landlord.

20. All responsibility for damage, loss or theft to vehicles and the contents thereof is assumed by the person parking their vehicle.

21. Landlord reserves the right to refuse parking identification devices and parking rights to Tenant or any other person who fails to comply with the Property Rules applicable to the parking areas. Any violation of such rule will subject the vehicle to removal, at such person's expense.

22. Tenant will be responsible for the observance of all of the Property Rules by Tenant (including, without limitation, all Tenant Users).

23. Landlord may, from time to time, waive any one or more of these Property Rules for the benefit of Tenant or any other tenant, but no such waiver by Landlord will be construed as a continuing waiver of such Property Rule(s) in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Property Rule(s) against Tenant or any or all of the tenants of the Property.

24. These Property Rules are in addition to, and will not be construed to in any way modify or amend, in whole or in part, the other terms, covenants, agreements and conditions of the Lease. In the event of any conflict between these Property Rules and any express term or provision otherwise set forth in the Lease, such other express term or provision of the Lease is controlling.

Exhibit F — Preliminary Outline Specifications

SHELL BUILDING SPECIFICATIONS
FOR

Northgate Distribution Center

Building 8

Lamb Boulevard and Ann Road, North Las Vegas, NV

2525 East Camelback Road, Suite 880
Phoenix, AZ 85016

October 31, 2016

Division 1: General Requirements

01 100 - Project Description

A. This project consists of a 570,810 square foot, 1077’ x 530’ x 36’ clear height, warehouse distribution building. The clear height at the inside face of the perimeter concrete tilt-up wall will be reduced to 34-0”.

B. Speed Bays/Dock Bays will be 56’ x 60’ for overall length of 1077 If on each side of the building. Interior bays will be 56’ x 60’ bays for overall length of 520 If from dock doors to dock doors.

C. The project will include a free standing fire suppression pump house, constructed of concrete tilt wall with steel joist and wood deck covered with .45 mil TPO Roofing. All pump room construction to have a published UL fire rating, and all penetration through the walls and deck will be fire stopped.

D. One fire rated electrical room and demark room, constructed of 5/8” Type X gypsum board on metal studs, with 1 hour rated deck on metal ceiling joists, at 11’-0” above finish floor will be included. All electrical and demark room construction to have a published UL fire rating, and all penetration through the walls and deck will be fire stopped.

E. Any improvements will be designed per all state and local code requirements.

01 102 - Architectural and Engineering

A. Shell building civil, landscaping, architectural and structural design services will be provided. Design of the HVAC, fire suppression, plumbing and electrical systems will be part of Shell Building for Shell Building scope only.

B. The following pre-design services are included in the project.

1. Geotechnical Investigation
2. Boundary Survey
3. Environmental Study

01 107 - Insurance

A. “All Risk”, Builders Risk insurance will be provided by VanTrust.

01 151 - Permits

A. The cost of obtaining the necessary state and local building permits as well as sewer, water tap fees, and any other required “impact fee” required to obtain a building or site improvement permit is included in the shell building.

B. Building Construction will be by General Contractor who will be required to maintain all licenses required by the governing jurisdiction.

01 171 - Supervision

A. Contractor will provide supervision by a full-time superintendent in the field and a project manager in the office for shell building.

B. Contractor will provide a detailed design and construction schedule for the project. Updated project schedules will be generated monthly and will utilize “critical path” modeling for shell building.

01 400 - Testing and inspections

A. Soils and concrete testing will be provided by a qualified and licensed testing laboratory, throughout the course of the project to insure quality performance of the placement of subgrade materials and concrete. Testing Agency will be required to provide pavement borings after base course is installed.

B. Any special inspections required by the governing building department of municipality will be conducted by Contractor’s consultant. Contractor will provide 3rd party inspection and oversight for roofing design and installation.

01 500 - Temporary Services

A. The following temporary services will be provide for the shell building construction:

1. Telephone
2. Sanitary Facilities
3. Water service
4. Electricity
5. Project Signage
6. Job Trailer
7. Cleaning
8. Dumpsters
9. Temporary Lighting

Division 2: Site work

02 130 - Excavation

A Excavations for foundations, pits and trenches will be made as necessary assuming level grade and normal soil conditions. Excavations will be made to establish the bottom of all footings below finished grade per local code.

B. Site excavations will be based on a balanced cut/fill site. The building pad will be constructed for 570,810 SF with slope for drainage. The noted retention basins have been constructed.

C. Any necessary fill material will be placed in accordance with the geotechnical report.

D. Site work will include the following items;

1. All Clearing and Grading
2. Mass Excavation
3. Erosion Control
4. Domestic Water
5. Sanitary Sewer
6. Storm Sewers - storm water to existing swales
7. Underground Fire Main
8. Construction Staking as necessary for site work completion
9. Water and Sewer Tap Fees if applicable
10. Temporary Road
11. Soil Testing

Site Utilities

A. Public site utilities to serve the building including sanitary sewer, water, and storm sewer will be provided.

B. Tenant’s private utilities including gas, electric, and telephone to serve the building will not be Included.

02 180 - Landscaping

A. Landscaping as required by local Jurisdiction will be Included.

B. Irrigation as required by local Jurisdiction will be included.

C. All disturbed areas will be treated with dust proofing.

02 511 - Concrete Pavement

A. All concrete and asphalt paving will be per geotechnical engineer's report expected traffic, traffic index and desired pavement life expectancy.

B. Concrete Pavement sections will be coordinated with geo-technical report and local AHJ.

Dock Aprons will be (7.5") reinforced concrete with #3 rebar at 16" O.C. on (6") minimum of properly compacted aggregate base course.

Truck Courts and Truck Drive Aisles will be (7.5") unreinforced concrete on (6") minimum of properly compacted aggregate base course at Building 2.

Dolly Pads will be (7.5") reinforced concrete with #3 rebar at 16" O.C. on (6") minimum of properly compacted aggregate base course at Building 2.

C. Asphalt Pavement will be coordinated with geo-technical report and local AHJ.

1. **Heavy-duty asphalt pavement** will be installed in all truck drives and private roads and will consist of (4.5") asphalt over (14") of aggregate base course.
2. **Fire Lane asphalt pavement** will be installed in all fire lanes adjacent to automobile parking and will consist of (3") asphalt over (8") of aggregate base course.
3. **Licht - duty asphalt pavement** will be installed in all passenger car drives and parking areas and will consist of (2") of asphalt over (6") of aggregate base course.

D. Vertical concrete curbs will be provided at the perimeter of all paved parking and drive areas including integral gutter section when required

E. Striping of the car parking, docks and trailer parking areas is included.

F. Sidewalks will be 4" reinforced concrete on 4" minimum of compacted granular fill.

Division 3: Concrete

03 130 - Foundations

A. Concrete foundations will have steel reinforcing and be designed for the loads imposed by the structure. Standard shallow foundations will be utilized to support the building columns and concrete wall panels. Foundation will be designed in accordance with the recommendations of the geotechnical report.

B. Concrete will obtain a minimum compressive strength of 4,500 psi in 28 days.

C. Reinforcing steel will have a minimum yield strength or 60,000 psi per ASTM.

D. Exterior footings will be founded (top of) below grade per the Soils Report. Interior footings will be founded (top of) a minimum of 12” below finished floor.

03 223 - Cast-In-place Concrete Tilt Panels

A. The perimeter of the facility will be load bearing concrete tilt panel walls with’ ,4” reveals. The panels will have a smooth finish. Lift point covers will be provided, and wood float finish on the interior of the panels.

B. The panel joints will be caulked on both the outside and the inside of the panels, from twelve inches (12”) below finished grade to top of panels, with a two-part urethane sealant. Round foam mini-cell backer rod will be placed between panel joints prior to caulking.

03 300 - Cast in Place Concrete

A. Concrete slabs in the building will be seven inch (7”) reinforced concrete placed over a minimum of four inches (4”) of properly compacted granular fill. Concrete Slab will be reinforced with WWF 12” x 12”, D6.2 x D6.2 mesh reinforcing. Other reinforcing will be as necessary to comply with the geotechnical report.

B. Compressive strength will be 4,500 psi in 28 days.

C. Soft cut control joints will be provided in accordance with American Concrete Institute Standards, and will be a maximum of 15’ on center.

D. All construction joints will be doweled with #3’s x 36” at 24” O.C. alternating with PNA Diamond Dowels at 24” O.C.

E. Lateral Tie to Slab for walls will be wrapped with flexible pipe foam insulation. Ensure sufficient coverage to prevent cracking over the pipe foam insulation.

F. All building slabs will be chemical curing method compatible with Ashford formula.

G. All building slabs will include application of a hardener/sealer equal to Ashford Formula. Coverage of sealer will not exceed manufacturers recommended square foot per gallon ratio.

H. Floor Flatness requirements: FF50/11.35 measured in accordance to ASTM E1155.

I. Floor slope to be .4% across long side of the building generally from north to south.

J. Installation of a 15-mil minimum thickness vapor barrier at proposed office areas and batter charging area will be included.

Division 4: Masonry

This division is not applicable.

Division 5: Metals

05 100 - Structural Steel

A. Columns shall be tube steel columns with necessary beams, girders, and bracing. Clear height will be a minimum 32’-0” and 36’-0” from 6” inside the first column bay to the center of the building.

B. All structural steel will be shop primed, gray.

C. Typical bay spacing will be 56’ x 60’. A 56’ x 60’ deep speed bay will be provided along dock walls.

D. All required anchor bolts and bracing will be included as part of the structural steel package.

E. Roof loads will be designed per local code and a minimum of 20 pounds per square foot live load and 13.5 pounds per square foot dead load. Joist girders will include a minimum of 20 pounds per square foot live load and 15.5 pounds per square foot dead load. MHE Loads have not been included.

F. Additional K-Brace has been included at Grid Line 11 in two locations(C-D & G-H).

G. Roof structure will be designed to provide a minimum roof slope of ¼” per foot.

H. Coordination of fabrication and installation of joist bearing angles with the precast supplier will be conducted.

05 500 - Miscellaneous Metals

A. Concrete filled pipe bollards, 6” in diameter (schedule 80), and eight (8) feet long are included. These will be located at the exterior of all drive-in overhead doors, at sprinkler risers, at electrical panels and at other locations required for the project. 4’ tall steel ‘2” guards at each door track at dock and drive-in doors will be included.

B. Dock stairs will be included as cast-in-place concrete and shall include 1 W outside diameter pipe hand railings.

C. Dock pit angles will be included at each dock leveler location as part of future tenant improvement. Knock out panels in concrete tilt panel are included at each pit location location.

D. One (1) freestanding caged roof access ladder with frame for roof access hatch will be included.

E. Tube steel canopies at building entries and lower level windows as depicted on building elevations will be included

Division 6: Wood & Plastics

06 620 - Finish Carpentry

A. Roof structure shall consist of a hybrid panelized roof system consisting of open web steel joist girders and open web steel roof joist with 2” x 6” DF #2 subpurlins, decked with a minimum 1/2” OSB structural Grade I oriented strand board. Design of the roof structure shall be 13.5 lbs./s.f. dead load and 20 lbs./s.f. live load (reducible by code).

B. Steel web joist shall be provide with gray primer,

C. Roof structure will be designed to provide a minimum roof slope of %” per foot.

D. Roof framing for skylights will be included.

E. Miscellaneous carpentry and wood blocking will be included as necessary.

F. Plywood backing panels for electrical and telephone service entries will be provided as required.

Division 7: Thermal & Moisture Protection

07 120 - Insulation

A. The roof insulation will be R19 ban insulation with white scrim.

B. Perimeter foundation/slab insulation is not required.

07 160 - Thermoplastic Polyole/In (TPO) Roof

A. The roof membrane will be a single ply .45 mil, mechanically fastened TPO roof system over ¼" Securerock cover board. The TPO membrane shall be white in color. Roof expansion Joint, as required by manufacturer and manufacturer's standard details, will be provided.

B. Roof drainage will be by Interior roof drains at the building's office locations. Roof drains will drain through face of curb. The remainder of the roof will drain to exterior down spouts with overflow scuppers as required draining onto the surface of the concrete truck aprons.

C. 10-year leak free manufacturer's warranty for labor and material, with 55 mph wind speed coverage will be provided. A 20-year manufacturer's material warranty for failure of the roofing materials will be provided.

D. Walkway pads around the roof access hatch, flashing for mechanical curbs and flashing around the roof hatch will be included. Tapered insulation where required to provide positive roof drainage will be included.

07 192 - Roof Hatch

A. One (1) 30" x 48" roof hatch is included.

07 5122 - Skylights

A. 4' x8' dual pane skylights to be installed to achieve a ratio of 2% of the building area. Burglar bars/fall protection of 'A" steel bars 6" x 6" on center each way with angle frame will be installed.

07 900 - Joint Sealants

A. The precast panel joints will be caulked on both the outside and the inside of the panels, from twelve inches (12") below finished grade to top of panels, with a two-part urethane sealant. Round foam mini-cell backer rod will be placed between panel joints prior to caulking.

B. Caulking of the saw cut joints in PCCP truck dock apron and PCCP truck court areas will be included.

C. Caulking of the construction joints or control joints on the interior warehouse slab on grade is not included.

Division 8: Doors & Windows

08 110 - Metal Doors & Frames

A. All exterior man-doors will be non-insulated, painted, hollow metal twenty-eight (28) 3'-0" x 7'-0" flush face surface panel type set In a hollow metal welded frame with appropriate hardware and weather stripping. Doors to be provided around the building as required to meet local building and fire codes for high pile storage. Contractor will provide hollow metal fire department access / exit doors as required to meet code.

B. A keyed, ANSI Grade I, entry lockset, closer, weather-stripping, sweep, drip and threshold will be provided for each exterior door. Finish for all hardware will be US 626 or 32D, satin chrome or dull stainless steel.

08 146 - Overhead Sectional Doors

A. Overhead sectional doors will be installed as depicted on the building floor plan and elevations:

1. 43 EA 9' x 10' dock doors (manual operation)
2. 3 EA 12' x 14' drive-in doors (manual operation)

B. Vertical lift type doors, non-insulated, manually operated, factory painted primed overhead dock doors shall be provided with heavy duty springs, 3" tracks and 24 gauge steel panel design with an approximate 7" x 24" vision window.

08 152 - Entrance Doors

A. Glass and aluminum, medium stile office entrance doors as reflected on architectural building elevations will be included.

B Entrance doors will have weather-stripping, push, pull, lock, sweep, closer and hinges or pivots.

08 190 - Glass and Glazing

A Exterior windows, storefront, and curtain wall systems as reflected on the elevations prepared by RJA Architecture will be provided. System will be commercial grade fixed units with 1" tinted insulated glass and frames with canopy and down lighting at building entries.

B. All exterior glass will be tinted with clear anodized frames.

Division 9: Finishes

09 1900 - Painting

A. Pipe bollards, hollow metal doors and frames and exposed miscellaneous metals will receive one coat of primer and two (2) coats of semi-gloss enamel.

B. All exposed welds and damaged steel during erection will be touched up with gray primer.

C. Concrete tilt panels will be power washed and painted on the exterior with two coats of 100% acrylic latex paint (equal to SW A-100 — 15 year) (three (3) colors) delineated by panel joints or reveal lines.

D. Interior of the concrete walls will be painted with one (1) coat of white latex paint (equal to SW A-100- 15 year).

E. Painting of the MEP piping is not included.

F. Any drywall walls will receive two (2) coats of latex paint.

G. Interior columns to be painted safety yellow to 12' height.

Division 10: Specialties

A. Fire extinguishers will be provided as required by Authority Having Jurisdiction.

B. Knox box will be provided as required by local fire marshal.

Division 11: Equipment

11 160 - Loading Dock Equipment

A. One (1) pair of dock bumpers will be provided at each elevated overhead dock door opening.

B. One pair 4’ tall steel “Z” guards will be provided at each door track for dock doors.

C. Forty (40) 35,000 LB. (7’-0” X 8’-0”) Mechanical Pit Levelers with 16” lip will be included as .

Division 12: Furnishings

This division is not applicable.

Division 13: Special Construction

This division is not applicable.

Division 14: Conveying Systems

This division is not applicable.

Division 15: Mechanical

15 000 - Systems Description (HVAC)

A. SHELL BUILDING HVAC SYSTEMS;

1. The warehouse shell building HVAC systems will be limited to electric space heaters for freeze protection as required by the AHJ. All other HVAC equipment will be furnished as a part of the tenant improvement work.
2. The fire pump house will be provided with electric space heating and cooling.
3. The electrical room(s) will be conditioned with split system DX equipment.
4. All outside air inlets will be provided with storm proof louvers or hoods to preclude rain water from getting into the ductwork. Bird screens will be provided.
5. Flashed, insulated, weatherproof curbs for the installation of the roof mounted units will be provided
6. Include all controls/thermostats.
7. All direct fired units will be furnished complete with factory installed disconnect switch, convenience outlets, insulated curb, and thermostat with night setback capabilities.

B. Smoke Ventilation/Exhaust will be installed as required to meet local codes.

C. Roof top curbs as required will be included as necessary for required equipment.

15 325 - Standpipe & Sprinkler Systems

System Classification:

Warehouse - (ESFR) 52psi, K17 head / 25.2 head

A. System will be in strict compliance with NFPA and local codes and designed to accommodate Class I through IV commodities to maximum height of 35’ in Building. System will be designed to meet FM requirements.

B. The sprinkler system will be a wet system and include the following required by

C. the AHJ:

1. Water flow detectors for risers
2. Tamper switches
3. Electric alarm bells with weatherproof back boxes
4. Indicator gate valves with tamper switches at risers
5. Post indicator valves with tamper switches
6. 6” FDC check valve
7. Diesel fire pump and jockey pumps if required
8. Drains and inspectors test connections
9. Fire hoses, hose cabinets and extinguishers, as required by code, for unoccupied shell construction.

D. All products for fire protection system will be listed or approved by UL or FM.

15 410 - Plumbing Piping and Specialties

A. The plumbing Systems will be designed according to the following criteria.

Codes:

Building	2012 IBC and Southern Nevada Amendments
Mechanical	2012 UMC and Southern Nevada Amendments
Plumbing	2012 UPC and Southern Nevada Amendments
Electrical	2012 NEC and Southern Nevada Amendments
Energy Conservation	2012 IECC
Fire Protection	2012 Clark County Fire Code with Southern Nevada Amendments and Nevada State Fire Marshal Regulations

B. Domestic Water System:

1. Building's domestic water main will be metered and exit at a single point, five feet beyond the exterior walls for connection to the civil on-site utility system. A pressure-regulating valve set at 78 psi will be provided at the buildings' water service entry to mitigate any possible high pressure surges from the on-site utility mains.

2. The distribution piping system will be sized at 3 psi/100 feet at a maximum of 8 fps, constructed of type "L" and "K" copper tubing with wrought copper fittings. Underground water lines will be encased in polyethylene wrap for corrosion protection. All valves and fittings will meet ASME and ASTM standards.

3. Any exterior piping subject to freezing temperature will be protected with insulation and connected to a heat trace system, which includes hard wire connection kit and set point thermostat controller.

4. Pipe support will be provided at intervals so as to prevent strains and stresses that might result in a failure of the system from expansion, contraction, structural settlement pipe movement and building movement.

5. Water pipes shall be tested in accordance to applicable codes, regulations and ordinances; at minimum test piping under available site pressure for one hour. Connections shall be made to all utilities brought to the building and all piping systems flushed.

C. Sanitary Drain, Waste and Vent System:

1. The building's sanitary sewer, waste and vent piping distribution will be a "conventional waste and vent" system and to be constructed of no-hub cast-iron pipe, fittings with no-hub couplings. The below ground piping system will be constructed of schedule 40 solid wall PVC pipe and solid wall ABS, fittings with solvent joints. Vent pipe through roof shall be sealed with weatherproof flashing constructed of materials compatible with roofing system specified. Vent pipes will be consolidated to reduce the required number of roof penetrations.

2. A three-inch floor drain and a three-inch floor sink will be provided in fire pump house. The floor drain will be utilized to capture nuisance waste, the floor sink for indirect "testing" waste discharge and HVAC unit condensate. In conjunction with the Electronic trap primer assembly, inline drain trap sealers will be installed in floor drain and floor sink to maintain trap seals and prevent sewer gases from entering space.

3. Condensate piping system from HVAC equipment located in the fire pump house and electrical room will be constructed of copper type "M" with solder joints, insulated with preformed fiberglass pipe insulation. At cooling coil drain pan connection provide a running trap, with vent same size as branch drain, downstream from trap. Condensate drains will terminate at approved sanitary receptor.

4. Pipe support will be provided at intervals so as to prevent strains and stresses that might result in a failure of the system from expansion, contraction, structural settlement pipe movement and building movement.

5. Sanitary waste and vent pipes will be tested in accordance to applicable codes, regulations and ordinances; at minimum test piping under static pressure for one hour. Test piping systems after installation and prior to being put into use, covered or concealed by insulation, backfilling or building construction. Connections shall be made to all utilities brought to the building and all piping systems flushed.

6. A six-inch sanitary mains will exit at six points and extend below grade, five feet beyond the exterior wall for connection to the civil on-site utility system. The under-slab sanitary sewer lines are included at the four corners and middle of the building. Cleanouts will be provided to satisfy the code minimum and at intervals to demarcate approximate tenant improvement spaces.

D. <u>Storm Drainage System</u>:

1. The buildings' storm drainage system is designed based on 2.5" rainfall hour per 100 year storm. The piping distribution will be a "conventional" consisting of a primary roof drainage and secondary overflow roof drainage system. It will discharge above grade and spill to the Civils' onsite surface drainage system.

2. Pipe support will be provided at intervals so as to prevent strains and stresses that might result in a failure of the system from expansion, contraction, structural settlement pipe movement and building movement.

3. Storm drain pipes shall be tested in accordance to applicable codes, regulations and ordinances; at minimum test piping under static pressure for one hour. Test piping systems after installation and prior to being put into use, covered or concealed by insulation, backfilling or building construction.

4. The Office area storm drainage system will consist of Interior roof drains and overflow roof drains constructed of PVC. The storm leaders will be routed down thru floor and discharge through face of curb at multiple points. Round to rectangular transitional outlet will be provided as required. The Warehouse area storm drainage system will consist of exterior downspout and overflow scupper system constructed of prefabricated/manufactured sheet metal. Vertical downspout will discharge at multiple points 12" above and onto the surface of the concrete truck aprons. Each pair of six-inch roof drain and six-inch overflow drain or vertical downspouts and over flow scuppers are sized to capture a maximum horizontal projected roof area of 16,000 square feet.

E. <u>Fuel Gas System</u>:

1. The projects' natural-gas service-main to be provided by Southwest Gas Company. Two gas stub-outs located on opposite sides of the building will be provided. Rough-in for the service-meter and service-regulator, pipe size, location, maintenance clearance and installation requirements shall be per Gas Utilities recommendation and the Local Authority Having Jurisdiction.

2. Gas Piping will be Schedule 40 black steel.

3. Any interior gas distribution piping system will be a part of the tenant improvement work.

F. <u>All valves and fittings will meet AWE and ASTM standards</u>.

<u>Division 16: Electrical</u>

1600 - Electrical Systems Description

<u>Site</u>

A LED Independent pole lighting for the parking lot and truck court areas. Average minimum maintained illumination level for these areas will be about 0.5 for the truck court and 1.0 fc. For the car parking area or as dictated by local codes and ordinances at all car parking and truck court areas. Fixtures will be equal to LSI Industries equivalent LED area light (XGBM).

B. LED Exterior building perimeter illumination (where not already illuminated by the parking lot and truck court areas). Average minimum maintained illumination level for these areas will be about 0.5(truck court) to 1.0fc (car parking) or as dictated by local codes and ordinances at all car parking and truck court areas. Such lighting should be of the wall-mounted type will be equal to LSI Industries equivalent LED Greenbriar wall sconce (GBWM).

C. Exterior lighting will be automatically controlled photo electrically in combination with pre-programmed time clock control (time of day/week/etc.) and with the capacity for manual override.

D. Site lights and poles and exterior building lights to be selected from standard manufacturer colors and per local ordinances.

E. Pole mounted light fixtures that will include layout and concrete base etc.

F. Recessed can down lights will be provided at the office area entrances as part of shell lighting package.

G. Code required exterior exit lighting will be provided.

Electrical Service

A. For Building Shell (2) 4,000 amp, 480Y/277 volt, 3P, 4W multi-metered switchboard will be provided.

B. (1) 600-amp, 120/208-volt house panel in the pump room will be provided supplying common area lighting, freeze protection heating and building fire pump loads. Coordination of requirements with approved NV Energy drawings will be conducted.

C. Power to all mechanical systems, fire pumps, and motorized door is included.

D. Provide 110-volt quadraplex receptacles between each dock door and a 110-volt GFI receptacle in the pump room.

E. Two (2) 4” empty conduits for Century Link (LEC) and (2) 2” conduits for Cox Communications from the building POE to 5’ outside building. Coordination of installation with approved Century Link and Cox utility drawings for shell building will be conducted.

Shell Lighting

A. Combination exit/emergency lights will be provided to meet code.

B. 8’-0” LED Strip fixtures in the fire suppression pump house as required.

C. 4’-0” LED Strip fixtures in the electrical as required.

Mechanical Equipment Connections

A. Connections to all above-mentioned mechanical equipment and motorized door will be included.

Fire Alarm System

A. Provide a fire alarm system to monitor flows, tampers and pump status. Fire alarm system to meet code and local requirements ADA and applicable sections of NFPA 72.

ADDITIONAL/MODIFIED SCOPE

The shell building will also Include the Items Identified on the attached “Exhibit A -Building Specs” in addition to (or, if applicable, in lieu of) the items identified above in these specifications.

Cresa Los Angeles
11726 San Vicente Blvd., Suite 500
Los Angeles, CA 90049
310.207.1700 tel
310.207.0930 fax

EXHIBIT A - BUILDING SPECS

Office:

- 13,500 SF. Approximately 6,900 SF main office office areas located at the main building wing and 6,600 SF seasonal entry in opposite wing of the building. The main and seasonal office areas will include a break room, locker room and restrooms per code to accommodate 300 employees with the bathrooms included in this SF.
- 650 SF shipping / receiving office located in center of building with restrooms per code

Dock Packages:

- Forty (40) dock packages to include:
  - Kelley 35,000 lb. (7'x8' mechanical pit levelers with 16" lip)
  - Kelly trailer restraints (Kelly Star 1)
  - Twenty (20) dock lights with swing-arm
  - All dock doors to include windows (insulated 22- gauge)

Power:

- Underground conduits and transformers designed to accommodate 4000 Amps to be split between two electrical rooms of 2,000 Amps each with the main gear sections with distribution boards provided for 277/480 volt electrical service. (NOTE: Electrical equipment loads to be verified by NV Energy which reserves the right to resize electrical transformers based on its determination of true electrical need based on equipment list Tenant needs to provide)
- Battery charging station for 25 piece of equipment (Landlord providing 20 Amp 480 Volt non-fused charger hookups for the 25 connections for Tenant equipment)

Cooling:

- Evaporative cooling system rated for 3 air changes per hour
- HVAC to service 2,000 SF "cool room" with maximum temperature of 75 degrees

Lighting:

- LED warehouse lighting
  - Rated at 25 foot candles 60" above finished floor throughout racking area which is understood to be approximately 60% of the warehouse area
  - Rated at 30 foot candles 60" above finished floor in detail work area

Misc.:

- Floor scrubber dump
- Eye wash station located adjacent to battery charging area with emergency shower
- Interior warehouse walls painted white with columns painted safety yellow

Alternatives:

- R-30 Insulation:
- Additional "Big Ass" fans:
- MM80

DRAFT

THIS DRAFT LC IS PROVIDED TO YOU AT YOUR REQUEST AND THERE IS NO OBLIGATION ON OUR PART DESPITE OUR ASSISTANCE IN THE PREPARATION OF THIS DRAFT LC. THE DRAFT LC IS NOT TO BE CONSTRUED AS EVIDENCE OF COMMITMENT ON OUR PART TO ISSUE OR ADVISE SUCH LC'S IN THE FUTURE.

****

NOTE: THIS IS SUGGESTED LANGUAGE ONLY, AND ALL CONDITIONS MAY NOT APPLY TO THE APPLICANT'S LEASE TRANSACTION.

The Honest Company_AMB_11-10-16_2016-11-1664

[-VALUE DATE-
OUR L/C NO : XXXXXX

TO: [RECEIVER'S NAME] [RECEIVER'S ADDRESS] [RECEIVER'S CITY/STATE/ZIP]	APPLICANT: [APPLICANT NAME] [APPLICANT ADDRESS] [APPLICANT CITY/STATE/ZIP]

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO ISP98

DOCUMENTARY CREDIT NUMBER:	XXXXXX
DATE OF ISSUE:	-VALUE DATE-
BENEFICIARY:	[BENEFICIARY NAME] [BENEFICIARY ADDRESS] [BENEFICIARY CITY/STATE/ZIP]
APPLICANT:	[APPLICANT NAME] [APPLICANT ADDRESS] [APPLICANT CITY/STATE/ZIP]
DATE AND PLACE OF EXPIRY:	_____ AT OUR COUNTERS
DOCUMENTARY CREDIT AMOUNT	USD
AVAILABLE WITH:	JPMORGAN CHASE BANK, N.A CHICAGO, ILLINOIS USA BY PAYMENT

ADDITIONAL DETAILS:
WE HEREBY ISSUE THIS LETTER OF CREDIT FOR THE ACCOUNT OF OBLIGOR,**NAME AND FULL ADDRESS INCLUDING CITY AND STATE** ON BEHALF OF APPLICANT, **NAME**.

FUNDS UNDER THIS LETTER OF CREDIT ARE AVAILABLE UPON PRESENTATION OF BENEFICIARY'S SIGNED AND DATED STATEMENT READING AS FOLLOWS:

"A DRAW EVENT HAS OCCURRED UNDER THAT CERTAIN LEASE DATED [DATE], INCLUDING ANY AMENDMENTS AND RESTATEMENTS THERETO, BETWEEN [APPLICANT NAME], AS TENANT, AND [BENEFICIARY NAME], AS LANDLORD (THE 'LEASE'), FOR PREMISES LOCATED AT [PROPERTY

ADDRESS]. WE HEREBY DEMAND THE AMOUNT OF USD ---------- UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. XXXXXX."

OR

"WE ARE IN RECEIPT OF NOTICE FROM JPMORGAN CHASE BANK, N.A. THAT THIS LETTER OF CREDIT WILL NOT BE EXTENDED BEYOND [CURRENT EXPIRY DATE] AND [APPLICANT NAME] HAS FAILED TO SUPPLY ACCEPTABLE REPLACEMENT SECURITY WITHIN THE TIME FRAME SPECIFIED IN THAT CERTAIN LEASE DATED [DATE], INCLUDING ANY AMENDMENTS AND RESTATEMENTS THERETO BETWEEN [APPLICANT NAME] AS TENANT AND [BENEFICIARY NAME], AS LANDLORD (THE "LEASE") FOR PREMISES LOCATED AT [PROPERTY ADDRESS]. WE HEREBY DEMAND THE AMOUNT OF USD---------- UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. XXXXXX".

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THIS OR ANY FUTURE EXPIRATION DATE WE SHALL SEND NOTICE TO YOU BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, OR BY HAND-DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT EXTENDED FOR ANY SUCH ADDITIONAL PERIOD. THIS LETTER OF CREDIT WILL NOT BE AUTOMATICALLY EXTENDED BEYOND [--- INSERT DATE ---] (THE "FINAL EXPIRATION DATE").

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED.

THIS LETTER OF CREDIT IS TRANSFERABLE, BUT ONLY IN ITS ENTIRETY, AND MAY BE SUCCESSIVELY TRANSFERRED. TRANSFER OF THIS LETTER OF CREDIT SHALL BE EFFECTED BY US UPON YOUR SUBMISSION OF THIS ORIGINAL LETTER OF CREDIT, INCLUDING ALL AMENDMENTS, IF ANY, ACCOMPANIED BY OUR TRANSFER REQUEST FORM DULY COMPLETED AND SIGNED, WITH THE SIGNATURE THEREON AUTHENTICATED BY YOUR BANK. IF YOU WISH TO TRANSFER THE LETTER OF CREDIT, PLEASE CONTACT US FOR THE FORM WHICH WE SHALL PROVIDE TO YOU UPON YOUR REQUEST. IN ANY EVENT, THIS LETTER OF CREDIT MAY NOT BE TRANSFERRED TO ANY PERSON OR ENTITY LISTED IN OR OTHERWISE SUBJECT TO, ANY SANCTION OR EMBARGO UNDER ANY APPLICABLE RESTRICTIONS. CHARGES AND FEES RELATED TO SUCH TRANSFER WILL BE FOR THE ACCOUNT OF THE APPLICANT.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, DRAWINGS PRESENTED BY FACSIMILE ("FAX") TO FAX NUMBER 312-233-____, OR ALTERNATELY TO FAX NUMBER 312-233-____ ARE ACCEPTABLE, UNDER TELEPHONE PRE-ADVICE TO 312-385-____, OR ALTERNATELY TO 1-800-634-1969, PROVIDED THAT SUCH FAX PRESENTATION IS RECEIVED ON OR BEFORE THE EXPIRY DATE ON THIS INSTRUMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, IT BEING UNDERSTOOD THAT ANY SUCH FAX PRESENTATION SHALL BE CONSIDERED THE SOLE OPERATIVE INSTRUMENT OF DRAWING. IN THE EVENT OF PRESENTATION BY FAX, THE ORIGINAL DOCUMENTS SHOULD NOT ALSO BE PRESENTED.

THIS LETTER OF CREDIT MAY BE CANCELLED PRIOR TO EXPIRATION PROVIDED THE ORIGINAL LETTER OF CREDIT (AND AMENDMENTS, IF ANY) ARE RETURNED TO JPMORGAN CHASE BANK, N.A., CHICAGO, IL WITH A STATEMENT SIGNED BY THE BENEFICIARY STATING THAT THE ATTACHED LETTER OF CREDIT IS NO LONGER REQUIRED AND IS BEING RETURNED TO THE ISSUING BANK FOR CANCELLATION.

DRAFT

THIS DRAFT LC IS PROVIDED TO YOU AT YOUR REQUEST AND THERE IS NO OBLIGATION ON OUR PART DESPITE OUR ASSISTANCE IN THE PREPARATION OF THIS DRAFT LC. THE DRAFT LC IS NOT TO BE CONSTRUED AS EVIDENCE OF COMMITMENT ON OUR PART TO ISSUE OR ADVISE SUCH LC'S IN THE FUTURE.

****

WE ENGAGE WITH YOU THAT PRESENTATIONS MADE UNDER AND IN CONFORMITY WITH THE TERMS AND CONDITIONS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION IF PRESENTED ON OR BEFORE THE EXPIRATION AT OUR COUNTERS AT 131 SOUTH DEARBORN, 5TH FLOOR, MAIL CODE IL1-0236, CHICAGO, IL 60603-5506, ATTN: STANDBY LETTER OF CREDIT UNIT. ALL PAYMENTS DUE HEREUNDER SHALL BE MADE BY WIRE TRANSFER TO THE BENEFICIARY'S ACCOUNT PER THEIR INSTRUCTIONS. THE ORIGINAL LETTER OF CREDIT MUST ACCOMPANY THE DOCUMENTS REQUIRED UNDER THIS CREDIT FOR ENDORSEMENT. ALL DOCUMENTS PRESENTED MUST BE IN ENGLISH.

****

IF THE UNDERLYING OBLIGATION FALLS UNDER ONE OF THE CATEGORIES SPECIFIED IN BANK'S COMPLIANCE DIRECTIVES, THE FOLLOWING CLAUSE WILL BE ADDED.

****

WE MUST COMPLY WITH ALL SANCTIONS, EMBARGO AND OTHER LAWS AND REGULATIONS OF THE U.S. AND OF OTHER APPLICABLE JURISDICTIONS TO THE EXTENT THEY DO NOT CONFLICT WITH SUCH U.S. LAWS AND REGULATIONS ("APPLICABLE RESTRICTIONS"). SHOULD DOCUMENTS BE PRESENTED INVOLVING ANY COUNTRY, ENTITY, VESSEL OR INDIVIDUAL LISTED IN OR OTHERWISE SUBJECT TO ANY APPLICABLE RESTRICTION, WE SHALL NOT BE LIABLE FOR ANY DELAY OR FAILURE TO PAY, PROCESS OR RETURN SUCH DOCUMENTS OR FOR ANY RELATED DISCLOSURE OF INFORMATION.

****

THIS LETTER OF CREDIT IS GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AND, EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, TO THE INTERNATIONAL STANDBY PRACTICES, ICC PUBLICATION NO. 590 (THE "ISP98"), AND IN THE EVENT OF ANY CONFLICT, THE LAWS OF THE STATE OF NEW YORK WILL CONTROL, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

PLEASE ADDRESS ALL CORRESPONDENCE REGARDING THIS LETTER OF CREDIT TO THE ATTENTION OF THE STANDBY LETTER OF CREDIT UNIT, 131 SOUTH DEARBORN, 5TH FLOOR, MAIL CODE IL1-0236, CHICAGO, IL 60603-5506 INCLUDING THE LETTER OF CREDIT NUMBER MENTIONED ABOVE. FOR TELEPHONE ASSISTANCE, PLEASE CONTACT THE STANDBY CLIENT SERVICE UNIT AT 1-800-634-1969, OR 1-813-432-1210, AND HAVE THIS LETTER OF CREDIT NUMBER AVAILABLE.

VERY TRULY YOURS,
JPMORGAN CHASE BANK, N.A.

_____
AUTHORIZED SIGNER

WE HEREBY AGREE WITH THE FORMAT/LANGUAGE OF THE ABOVE DRAFTED LETTER OF CREDIT, AND WE REQUEST JPMORGAN CHASE BANK, N.A. TO ISSUE THE LETTER OF CREDIT AS ABOVE DRAFTED.

[APPLICANT NAME]

DRAFT

THIS DRAFT LC IS PROVIDED TO YOU AT YOUR REQUEST AND THERE IS NO OBLIGATION ON OUR PART DESPITE OUR ASSISTANCE IN THE PREPARATION OF THIS DRAFT LC. THE DRAFT LC IS NOT TO BE CONSTRUED AS EVIDENCE OF COMMITMENT ON OUR PART TO ISSUE OR ADVISE SUCH LC'S IN THE FUTURE.

****

BY: _____

NAME AND TITLE: _____

DATE: _____

Exhibit H — Repair/Restoration Specifications

1. All lighting will be placed into good working order with all non-functioning bulbs, non-functioning ballasts, and broken lenses replaced.
2. All truck doors and dock levelers will be serviced and placed in good operating order, including, without limitation, the replacement (if necessary) of any dented truck door panels and adjustment of door tension to insure proper operation. All door panels that are replaced will be painted to match the Building standard. All dock bumpers will be left in place and secured.
3. All structural steel columns in the warehouse and office will be inspected for damage. These repairs will be reasonably pre-approved by Landlord prior to implementation.
4. Any systems installed for particular use in the Premises (including, without limitation, warehouse heaters and exhaust fans, if applicable) will be placed in good working order, including, without limitation, the necessary replacement of any parts.
5. All holes in the sheetrock walls will be repaired.
6. Carpets and vinyl tiles will be cleaned. Vinyl tiles will be stripped, sealed and waxed.
7. Office areas (including, without limitation, the coffee bar, breakroom, restroom areas and interior windows) will be cleaned.
8. The warehouse will be cleaned, with all inventory and racking removed and the warehouse floor broom-cleaned. There will be no protrusion of anchors from the warehouse floor (as provided above). Floor striping does not need to be removed from warehouse. Landlord may elect to require Tenant paint any floor striping gray.
9. All exterior windows with cracks or breakage caused by Tenant will be replaced.
10. All electrical systems will be in good working order, including, without limitation, the water heater. Faucets and toilets will be in good working order. Tenant shall not be responsible for updating any building switchgear.
11. Data wiring shall remain in place.
12. All chiller and copper piping and systems, all exhaust piping and systems, and all mechanical and electrical connections to Tenant’s equipment will be removed.

Exhibit I — Current Rules and Regulations for Third-Party Contractors, Subcontractors and Suppliers

Building Contractor Rules

Contractor, and all sub-contractors, suppliers, materialmen and others performing services or providing materials in connection with the subject project (collectively, "**Contractors**" and individually each, a "**Contractor**") shall be advised of the following building rules and regulations ("**Contractor Rules**") concerning their proper conduct within a warehouse/distribution building located on Donovan Way, North Las Vegas, Nevada ("**Building**"), pursuant to that certain Warehouse Lease Agreement ("**Lease**") dated as of November 16, 2016, between PHI Donovan Land, LLC, a Nevada limited liability company ("**Owner**"), and The Honest Company, Inc., a Delaware corporation ("**Tenant**"), pursuant to which Tenant is leasing all or a portion of the Building ("**Premises**"); provided, however, in the event of a conflict between the terms of the Lease and these Contractor Rules, the Lease shall control. The building is managed by _____ ("**Manager**"). _____ ("General Contractor", and a Contractor for purposes hereof) has been engaged by Tenant, or Owner, to complete certain work at the Premises. Manager shall provide each Contractor a copy of these Contractor Rules. All referenced material, labor, services, taxes, after hours' costs, shipping, permits, fees or construction and/or other reference processes performed by Contractors, shall be hereinafter referred to as the "Work."

It is the **General Contractor's responsibility** to ensure everyone reads and understands these Contractor Rules. Ignorance of these Contactor Rules is not a waiver of liability or responsibility. Failure to comply with these Contractor Rules may result in your people being asked to leave the job site. The Contractor is ultimately responsible for the conduct of all of its Contractors. The signature block on the last page of this Agreement shall act as the written approval by the undersigned Contractor.

1.) Prior to starting any Work in the Building, the Contractor, at its sole expense, should have a current Commercial General Liability Insurance including Owner, Owner's lender, if Owner has notified General Contractor thereof ("**Lender**"), Manager and VanTrust Real Estate, LLC ("**VTRE**") and all of its subsidiaries, as additional insureds. The limits of liability on each Contractor's general liability insurance policies shall be listed on the construction contract, or a minimum of that indicated below (provided, however, that the General Contractor's subcontractors will be required only to carry commercially reasonable limits of the following insurance coverages, based on the trade activities of each such subcontractor):

a.) Insurance. Contractor will procure and maintain during the term of this Contract, insurance covering all Contractors and anyone directly or indirectly employed by any of them, issued by an insurance company which has an A.M. Best rating of A- VII or better and is authorized to transact business in the state which the Building is located ("**Qualified Insurer**"). All policies are to protect against liabilities arising out of the operations of all Contractors in connection with the Work, including at least the types of insurance set forth herein in amounts not less than set forth herein, and such other types and amounts of insurance as Owner deems necessary.

b.) Commercial General Liability Insurance. Commercial general liability insurance to protect against claims for bodily injury and property damage arising out of premises operations, products, and completed operations, and advertising and personal injury liability, written on an occurrence basis using ISO Form CG0001 (or its equivalent) with no amendments to the definition of an insured contract, in limits of not less than $1,000,000 inclusive, per occurrence, and $2,000,000 annual

aggregate per project with a $2,000,000 Products/Completed Operations Aggregate, or such higher limits as Owner may require. Completed Operations to remain in force for maintained for the duration of the applicable statute of repose following project completion. To the extent permitted by applicable law, such policy(ies) shall include a waiver of any right of subrogation of the insurers thereunder against Owner, VTRE, Manager, and all Lenders.

c.) Commercial Automobile Liability Insurance. Commercial automobile liability insurance to include contractual liability insurance for the indemnities set forth in the applicable contract ("**Contract**") covering all owned, non-owned and hired automobiles, in limits of not less than $1,000,000 combined single limit (each accident), or such higher limits as Owner may require. To the extent permitted by applicable law, such policy(ies) shall include a waiver of any right of subrogation of the insurers thereunder against Owner, VTRE, Manager and all Lenders.

d.) Employer's Liability Insurance and Workers Compensation. Employer's Liability insurance, with minimum limits of not less than $1,000,000 bodily injury each accident, $1,000,000 bodily injury by disease policy limit and $1,000,000 bodily injury by disease each employee, and Worker's Compensation, in form and amount as required by applicable state law. To the extent permitted by applicable law, such policy shall include a waiver of any right of subrogation of the insurers thereunder against Owner, VTRE, Manager, and all Lenders.

e.) Umbrella Liability Insurance. Umbrella liability insurance over the primary general liability, automobile liability and employer's liability insurance policies in limits of not less than $5,000,000 inclusive per occurrence, and $5,000,000 annual aggregate, per project, or such higher limits as Owner may require. To the extent permitted by applicable law, such policy(ies) shall include a waiver of any right of subrogation of the insurers thereunder against Owner, VTRE, Manager, and all Lenders.

f.) Builder's Risk Insurance. Builder's Risk insurance on a "Special Form" basis (including collapse) using a completed value (non-reporting) form for full replacement cost covering all work which Contractor is performing and all materials and equipment used or installed in or about the project, off site and in transit. This insurance shall include: (i) interests of Owner, VTRE, Manager, all tenants, all mortgagees of Owner, all Contractors; and (ii) a mutual release and waiver of subrogation for all parties.

g.) Certificates. Certificates of insurance must be provided to Owner prior to the start of the Work at the Premises. Owner, VTRE, Manager, all Lenders, and others who may be required (as evidenced by inclusion in an ACORD Certificate as additional insureds), will be named as primary non-contributing additional insureds on the insurance coverages described in subsections (a) and (d) above, including completed operations with respect to all matters arising out of the performance of services under the Contract. It is Contractor's sole responsibility to procure and maintain insurance covering its personal property located at the Premises. All policies required above shall contain no exclusions for work expressly within Contractor's scope of work. It is Owner's sole responsibility to procure and maintain property insurance covering Owner's real property where the Premises are located (other than the Work) and Owner's personal property and the personal property of others located at the Project site that are under Owner's care, custody or control.

2.) Contractors working in or about the Building must have prior written approval from Owner before any type of Work may commence. A list of subcontractors must be provided by Contractor to Owner and Manager along with suitable scheduling and delivery/stocking information before construction begins. Any persons not on the approved Contractor list will be denied access to the Premises and the Building — no exceptions. ***This list will include phone numbers and contacts for each Contractor, including home and emergency telephone numbers.***

3.) An initial walk through of the job between General Contractor, its key subcontractors and Owner representation (Manager and Manager's building engineer) will be conducted prior to construction. General Contractor's superintendent, Manager and Manager's building engineer will review rules and regulations, as well as check for existing conditions of the Premises.

4.) All Contractors must be licensed in the state in which the Work is performed, and have work experience in similar commercial properties. Written documentation/certification and previous job references are required prior to the commencement of any type of Work.

5.) Where applicable, permits must be obtained, by Contractor, from the City Building Department or other governing agency prior to the commencement of Work. Permits must be posted at the job site in accordance to the governing body. All construction Work will require a permit. Approval of drawings, details, schedules and the like by Owner or Manager shall not relieve Contractor from the responsibility for compliance with local, county, state or federal laws, rules, ordinances, or rules and regulations of commissions, boards, or other authorities having jurisdiction.

6.) All Contractors shall keep the Premises, the Building and improvements free and clear of all liens arising out of or claimed by reason of any Work performed, materials furnished or obligations incurred. General Contractor is responsible for the payment of all bills for labor and materials furnished by, or to its subcontractors and itself, in connection with the Work.

7.) No one shall be allowed to endanger the Premises, the Building or its occupants in any manner whatsoever. If such a situation occurs, General Contractor and all other applicable Contractors shall immediately take steps to correct and eliminate the hazardous condition. In the event that Contractor's personnel fail to perform in a satisfactory manner, Owner and Manager reserve the right to immediately take steps to remedy the hazard at Contractor's sole expense.

8.) Contractor is not permitted to post any sign on the job site advertising the name of the Contractor or subcontractors.

9.) It is imperative that good business/professional conduct be maintained by all Contractors' personnel while they are at the Premises or the Building, and that they are properly dressed for the environment they are working in and the job being done. Contractor shall not employ any unfit person or anyone not skilled in the task assigned to him. Respect must be shown to the Building tenants at all times. Rude and obscene behavior (harassment, sexual or otherwise), including foul and abusive language, will not be tolerated. Offenders will be asked to remove themselves from the premises and shall not be permitted to return.

10.) Intentionally omitted.

11.) The hours during which the Work will commence and end each day shall comply with applicable City rules and guidelines, and other applicable Laws. Contractor shall designate a superintendent to oversee all workmen at all times. Such superintendent may be given access cards and keys, which cards/keys will grant access to the Building for all workmen associated with the Work. The superintendent issued the cards/keys not permitted to give such cards/keys to any workmen for access to the Building. In no event shall any workmen be unsupervised at any time.

12.) When accepting deliveries, Masonite must be laid prior to delivery to protect walls and floor finishes. It is Contractor's responsibility to keep all areas outside the Premises clean at all times.

13.) Intentionally omitted.

14.) No construction waste or debris may be placed in the building dumpster/compactor. Contractor will provide for removal of waste and debris from the Building at its own expense. If a dumpster is required (space allowing), the location shall be authorized by Owner and Manager, must be in a safe location, and will meet the Building's standard relating to aesthetics. It will be the responsibility of Contractor to keep the area around the container neat and orderly daily. It will also be Contractor's responsibility to place plywood under the dumpster and to take other protective measures to protect the asphalt and concrete where the dumpster is to be place. It will be important to assure that a trail of debris is not left between the Work areas and refuse container.

15.) Construction personnel shall at all times maintain the highest level of project cleanliness. All construction debris shall be removed on a daily basis and shall never be allowed to produce a fire hazard. ***In the event that Contractor fails or refuses to keep the Premises free of accumulated waste, Owner and/or Manager reserve the right, but not the obligation, to enter the Premises and remove the debris, on behalf of Contractor, at Contractor's expense***. In addition, all public areas, i.e., corridors, restrooms. janitor's closets and the like shall be maintained and kept free of construction debris, dust and the like.

16.) Specific restrooms, which shall be Contractor provided portable toilets, unless agreed to otherwise in writing by Owner, will be designated for Contractor use. Anyone found using restrooms other than specified (core area restrooms on any floor(s)), or janitorial closets will be subject to immediate dismissal. No one is permitted to use the janitorial closets without permission. Contractor shall be responsible for stocking and re-stocking of restroom supplies as well as clean-up of the subject restrooms being utilized, provided such authorization of use has been granted by Owner, throughout the duration of construction. Upon completion of each tenant improvement, Contractor will be responsible for restoring the facility to its original state. All carpeted corridors will be properly protected by Masonite or carpet mask (Polytech brand only) flush with the base, from the point of entry to the job site to the restroom. Contractor will provide walk-off mats to be placed at all locations where Contractors enter public areas of the Building. These walk-off mats will be maintained and cleaned daily or more frequently if required, so that construction material is not transferred unto any other areas of the building. Any flammable or hazardous materials (*i.e.*, paint) may only be stored on premises with permission of Owner and Manager who shall designate an area for such storage.

17.) ***Pre-filters shall be installed over all return air openings on floors under construction***. If Building filters or equipment requires replacement or cleaning due to construction dust, Contractor will be charged.

18.) ***Contractor should cover air transfers when working next to tenanted space to control the transmission of dust and dirt***. Covering must be removed at the completion of daily construction. All tenant entrance and exit doors must be kept closed to restrict the movement of dust or dirt. Temporary openings with polyurethane must be closed off. Due to local fire codes, no openings may be made on a tenanted floor to the corridor unless the door to be made on the tenanted floor to the corridor remains closed unless materials are being delivered. All HVAC filters in fan rooms shall also be delivered in operable condition at time of completion (thus a temporary filter should be added to the existing filter).

19.) **Electrical Panels** must be closed up at the end of each working day. Interior panels can be covered or barricaded. Doors to all electrical rooms must remain locked when not occupied or protected by barrier. No storage is allowed in the electrical room. DO NOT TAPE OVER LOCKS TO LEAVE DOOR OPEN OR USE ANY MECHANICAL DEVICE TO PROP OPEN. REPEATED VIOLATIONS WILL BE FINED **$500 PER EVENT**.

INITIAL _____

20.) Any and all safety equipment, such as traffic control, flagmen, barricades, rigging, fire extinguishers, first aid supplies, and the like, as may be necessary or required by any agency having jurisdiction, shall be the sole responsibility of, and at the expense of, Contractor. It is the responsibility of Contractor to protect all individuals surrounding the Work area. All liability shall be the responsibility of Contractor. Contractor (and its subcontractors) shall inaugurate and maintain an accident prevention program and an employee safety-training program. Proof of compliance for the state and city where the Building is located of your safety plan shall be maintained and followed. All employees on the job, regardless of whose direct payroll they are on, shall be required to respond to safety instructions from Contractor's supervision. Persons who do not respond shall be removed from the job. Contractor, its subcontractors, labor, agents and invitees shall be responsible for complying with all OSHA rules and regulations, including, without limitation, having all safety, first aid and Material Safety Data Sheet (MSDS) documentation on the jobsite at the Building.

21.) All Contractors are to take precautions to prevent the accidental tripping of the fire alarm system. ***The smoke detectors must be covered during working hours and uncovered at the end of the working day.***

False alarms shall be fined at:

First offense:	**$200**
Second offense:	**$500**
Third offense:	**$1000 and, at the Owner's discretion, may terminate Contractor.**

INITIAL _____

22.) No gasoline operated devices, *i.e.*, concrete saws, coring machines, welding machines, and the like, shall be permitted within the Building. All work requiring such devices shall be by means of electrically operated substitutes.

23.) All approved gas and oxygen canisters shall be properly chained and supported to eliminate all potential hazards. At the completion of use, said containers shall be removed from the Building.

24.) Please contact the Manager to schedule work on the following building systems **24-hours in advance** (any disruption of services will be scheduled at Manager's discretion).

a.) Domestic water;

b.) Fire alarm or speaker;

c.) Electrical tie-ins to base building or the addition of equipment to any area other than the Premises except sub panels located within the tenant premises;

d.) Sprinkler system;

e.) Any work that will take place outside the demised tenant space;

f.) Work in occupied tenant spaces. This includes any core drilling, plumbing, and electrical, and the like, where you will enter an adjacent tenant space;

g.) With respect to roof access, any corrective work required in conjunction with or as a result of this Contractor's scope of work shall be performed by a firm authorized as such by roofing manufacturer (Owner and/or Manager will coordinate with Contractor in determining) for purposes of ensuring that the roofing warranty is not jeopardized in any way.

Note: If a utility or building alarm is turned off for Contractor's work, Contractor must notify Manager upon completion so the system can be turned back on as soon as possible.

25.) Construction personnel are not permitted to block open stairway doors. These doors provide the fire protection required by code. A repeated violation of this provision shall be subject to a $500 fine. Doors to janitorial spaces shall be kept closed at all times.

INITIAL _____

26.) No graffiti or vandalism will be tolerated. Any individual caught in the act shall be immediately removed from the premises and will not be allowed to return. In addition, all repairs will be at Contractor's expense.

27.) No tobacco smoking or chewing will be permitted in the Building or on the roof. No radios or other sound producing equipment will be permitted in the Building or on the roof. No eating or drinking will be allowed in the common areas. Building management will either provide a designated smoking area or designate the property to be non-smoking.

28.) Intentionally omitted.

29.) Wet paint sign must be posted in all public areas when appropriate.

30.) ***All TI Contractors will cooperate with shell building contractor's air quality reading measurements as is required by LEED, when applicable. This may include temporary shutdown of activity that jeopardizes air quality readings before and during actual testing of same.***

31.) Contractor shall provide temporary electrical devices within the Premises for its subcontractor's use.

32.) Contractor shall use reasonable measures to minimize energy consumption in the construction area when possible. The Building shall pay for normal electrical consumption during the construction process. All lights and equipment must be extinguished at the end of Contractor's Business Day. In the event that Contractor continues to leave lights and equipment on during off-hours, Owner reserves the right to receive just compensation for excessive electrical consumption.

33.) Contractor/Sub-contractor may park in designated spaces only. ***This on-site parking is limited to that which is available on-site. Contractor shall be prepared to make additional arrangements should supplemental parking be required for any and all workforces working under their contracted scope. Any vehicles found in unauthorized spaces will be subject to posted parking rates, tickets, towing or other steps as may be needed to avoid conflicts with adjacent tenant and neighbor parking.*** Specific instructions should be obtained from Manager.

34.) No work is to be performed, nor materials stored in any area other than the Premises under construction without prior authorization. No staging of trucks or materials will be allowed in areas that may affect traffic flow.

35.) Rubber wheels are required on all vehicles transporting materials in the Building.

36.) All equipment and material will be designed and attached for seismic loading in accordance with governmental agencies having jurisdiction over the Work.

Commencement of any work shall constitute acceptance or contractor will take full responsibility for the following:

1. Communicating these Contractor Rules to all Contractor's personnel and subcontractors; and
2. Enforcing these Contractor Rules in regards to employees of Contractor and subcontractors.

Contractor shall deposit $_____ with Manager prior to commencing any work. The deposit will be held in a non-segregated account of Owner or Manager. Deposit will be refunded along with the final payment, following the successful completion of the Work. In the event that Contractor fails to complete the Work in compliance with the contract, causes any damage to the Building, fails to pay subcontractors, is fined as described above, or causes any other financial loss to the Owner, then Owner shall have the right to use the deposit in part or in whole to offset those costs. However, the use of the deposit shall in no way limit the rights of Owner to collect any damages caused by Contractor.

Contractor:

By: _____
Name: _____
Its: _____

Date: _____

FIRST AMENDMENT TO WAREHOUSE LEASE AGREEMENT

THIS FIRST AMENDMENT TO WAREHOUSE LEASE AGREEMENT (this "**Amendment**") is made and entered into as of the date of the last signature to this Amendment ("**Amendment Effective Date**"), by and between PHI DONOVAN LAND, LLC, a Nevada limited liability company, as "**Landlord**", and THE HONEST COMPANY, INC., a Delaware corporation, as "**Tenant**".

RECITALS

A. Landlord and Tenant entered into that certain Warehouse Lease Agreement having an Effective Date of November 23, 2016 (the "**Lease**"), in connection with the lease by Tenant of premises consisting of approximately 570,810 square feet of space located in Building 8 of the Northgate Distribution Center, having an address of 5550 Donovan Way, North Las Vegas, NV 89081 (the "**Premises**").

B. The parties desire to modify the Lease as hereinafter set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained in this Amendment and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged. the parties hereto agree as follows:

1. **Amendment Effective Date; Defined Terms**. Except as otherwise provided in this Amendment. the terms and provisions of this Amendment are effective on the Amendment Effective Date. All capitalized terms used in this Amendment, unless otherwise defined herein, have the same meanings given to them in the Lease

2. **Tenant's Representative**. Notwithstanding the provisions of **Section 17.4** of the Lease, Tenant designates Eric Fetty as the Tenant's representative having authority to approve the Issued for Construction Plans, request or approve any Change Order, give and receive all notices, consents, approvals and directions regarding Tenant's Improvements, and to otherwise act for and bind Tenant in all matters relating to Tenant's Improvements.

3. **Full Force and Effect; Conflicts**. Except as otherwise expressly modified in this Amendment, the terms and conditions of the Lease are and shall remain in full force and effect and shall apply to the Premises, as such term is modified by this Amendment. In the event of any conflict or inconsistency between the terms and provisions of the Lease and the terms and provisions of this Amendment, the terms and provisions of this Amendment shall govern and control.

4. **Counterparts**. This Amendment may be executed in any number of counterparts, all of which together constitute one instrument, and each of which is an original. Delivery of an executed counterpart of a signature page of this Amendment by electronic mail transmission is effective as delivery of an originally executed counterpart of this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

LANDLORD:

PHI DONOVAN LAND, LLC, a Nevada limited liability

By: /s/ David M. Harrison
Name: David M. Harrison
Its: Manager

Date Signed: Aug 16, 17

TENANT:

THE HONEST COMPANY, INC., a Delaware corporation

By: /s/ Muhammad Shahzad
Name: Muhammad Shahzad
Its: Chief Financial Officer

Date Signed: 8/15/17

SECOND AMENDMENT TO WAREHOUSE LEASE AGREEMENT

THIS SECOND AMENDMENT TO WAREHOUSE LEASE AGREEMENT (the "**Amendment**") is made and entered into as of the date of the last signature to this Amendment (the "**Amendment Effective Date**"), by and between PHI DONOVAN LAND, LLC, a Nevada limited liability company, as "**Landlord**", and THE HONEST COMPANY, INC., a Delaware corporation, as "**Tenant**".

RECITALS

A. Landlord and Tenant entered into that certain Warehouse Lease Agreement dated as of November 16, 2016, as amended by the First Amendment to Warehouse Lease Agreement having an effective date of August 16, 2017 (as amended, the "**Lease**"), in connection with the lease by Tenant of premises containing approximately 570,810 rentable square feet of space located at 5550 Donovan Way, North Las Vegas, NV 89081.

B. The parties desire to modify the Lease as hereinafter set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained in this Amendment for and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. **Amendment Effective Date; Defined Terms**. Except as otherwise provided in this Amendment, the terms and provisions of this Amendment are effective on the Amendment Effective Date. All capitalized terms used in this Amendment, unless otherwise defined herein, have the same meanings given to them in the Lease.

2. **Parking**. The first sentence of **Section 4.6** of the Lease is deleted and the following is substituted in its place: "Subject to this Section 4.6, Landlord will make available on the Property a parking area or areas containing spaces for 450 automobiles and 69 semi-trailers, as generally designated on the Site Plan for the exclusive use of Tenant, and its employees and invitees."

3. **Brokers**. Tenant represents that Tenant has not dealt with any brokers in connection with this Amendment and that insofar as Tenant knows, no other broker negotiated or participated in negotiations of this Amendment or is entitled to any commission in connection this Amendment. Landlord represents that Landlord has dealt with no brokers in connection with this Amendment and that insofar as Landlord knows, no other broker negotiated or participated in negotiations of this Amendment or is entitled to any commission in connection with this Amendment. Landlord and Tenant agree that no broker is entitled to any commission in connection with this Amendment. Tenant shall defend, indemnify and hold harmless Landlord from and against any and all claims of brokers, finders or any like third party claiming any right to commission or compensation by or through acts of Tenant in connection herewith. Landlord shall defend, indemnify and hold harmless Tenant from and against any and all claims of brokers, finders or any like third party claiming any right to commission or compensation by or through acts of Landlord in connection herewith.

4. **Full Force and Effect; Conflicts**. Except as otherwise expressly modified in this Amendment, the terms and conditions of the Lease are and shall remain in full force and effect and shall apply to the Premises, as such term is modified by this Amendment. In the event of any conflict or inconsistency between the terms and provisions of the Lease and the terms and provisions of this Amendment, the terms and provisions of this Amendment shall govern and control.

5. **Counterparts**. This Amendment may be executed in any number of counterparts, all of which together shall be deemed to constitute one instrument, and each of which shall be deemed an original. Delivery of an executed counterpart of a signature page of this Amendment by electronic mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of an originally executed counterpart of this Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Warehouse Lease Agreement as of the Amendment Effective Date.

LANDLORD:

PHI DONOVAN LAND, LLC, a Nevada limited liability company

By: */s/ David M. Harrison*
Name: David M. Harrison
Its: Manager

Date Signed: Dec 5, 17

TENANT:

THE HONEST COMPANY, INC., a Delaware corporation

By: /s/ Craig Gatarz
Name: Craig Gatarz
Its: EVP and General Counsel

Date Signed: 11/28/2017

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of The Honest Company, Inc. of our report dated March 15, 2021 relating to the financial statements of The Honest Company, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
April 9, 2021

Exhibit 99.1

CONSENT TO BE NAMED AS A DIRECTOR NOMINEE

The Honest Company, Inc., a Delaware corporation (the "Company"), is filing a Registration Statement on Form S-1 (the "Registration Statement") with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with a public offering (the "Public Offering") of its common stock. In connection with the Public Offering, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of the Company in the Registration Statement, and any amendments and supplements thereto. I also consent to the filing of this consent as an exhibit to the Registration Statement and any amendments and supplements thereto.

/s/ Susan Gentile

Name: Susan Gentile
Date: April 9, 2021