

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-8
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933**

Pandora Media, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

94-3352630

(I.R.S. Employer Identification No.)

**2101 Webster Street, Suite 1650
Oakland, CA 94612**
(Address of Principal Executive Offices)

2011 Equity Incentive Plan
(Full title of the plan)

**Brian P. McAndrews
Chief Executive Officer and President
Pandora Media, Inc.
2101 Webster Street, Suite 1650
Oakland, CA 94612
Telephone: (510) 451-4100**

(Name, address and telephone number, including area code, of agent for service)

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.0001 per share in respect of				
- 2011 Equity Incentive Plan	205,473 (2)	\$ 12.42 (3)	\$ 2,551,974.66 (3)	\$ 256.98
Total	205,473	\$ 12.42	\$ 2,551,974.66	\$ 256.98

- (1) In the event of a stock split, stock dividend or similar transaction involving the Registrant's common stock, \$0.0001 par value per share ("Common Stock"), the number of shares registered hereby shall automatically be adjusted in accordance with Rule 416 under the Securities Act of 1933, as amended (the "Securities Act").
- (2) Represents an increase in the number of shares of the Registrant's Common Stock reserved for issuance under the Registrant's 2011 Equity Incentive Plan (the "2011 Plan") as a result of the grant of substituted stock options under the 2011 Plan in connection with the Registrant's acquisition of Next Big Sound, Inc. ("NBS") on July 1, 2015 to certain employees of NBS who, as of the effective time of the acquisition, became employees of the Registrant.
- (3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(h) under the Securities Act. The Proposed Maximum Offering Price Per Share is the average of the high and low prices of the Registrant's Common Stock as reported on the New York Stock Exchange on November 9, 2015 (rounded up to the nearest cent).

PART I

EXPLANATORY NOTE

This Registration Statement is being filed for the purpose of registering shares of Pandora Media, Inc.'s (the "Registrant") common stock pursuant to an increase to the number of shares of common stock reserved for issuance under its 2011 Equity Incentive Plan.

INCORPORATION BY REFERENCE OF CONTENTS OF REGISTRATION STATEMENT ON FORM S-8

The Registrant previously registered shares of its common stock for issuance under the 2011 Equity Incentive Plan under a Registration Statement on Form S-8 filed with the Securities and Exchange Commission (the "SEC") on July 6, 2011 (File No. 333-175378), and registered additional shares of its common stock for issuance under such Plan under Registration Statements on Form S-8 filed with the SEC on June 19, 2012, March 18, 2013, January 28, 2014 and February 11, 2015 (File Nos. 333-182212, 333-187340, 333-193612 and 333-202029). Pursuant to General Instruction E to Form S-8, this Registration Statement hereby incorporates by reference the contents of the Registration Statements referenced above.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The following documents filed with the Commission pursuant to the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), are incorporated by reference herein:

(a) The Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 11, 2015;

(b) The Registrant's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015, June 30, 2015 and September 30, 2015, filed with the SEC on April 27, 2015, July 24, 2015 and October 26, 2015, respectively

(c) The Registrant's Current Reports on Form 8-K filed with the SEC on April 20, 2015, June 5, 2015, September 30, 2015, October 7, 2015, October 8, 2015 and November 2, 2015;

(d) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Registrant's Annual Report referred to in (a) above; and

(e) The description of the Registrant's Common Stock contained in the Registrant's registration statement on Form 8-A (File No. 001-35198), filed by the Registrant with the Commission under Section 12(b) of the Exchange Act on June 8, 2011, including any amendments or reports filed for the purpose of updating such description.

All documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of this Registration Statement and prior to the filing of a post-effective amendment that indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, are incorporated by reference in this Registration Statement and are a part hereof from the date of filing of such documents; except as to any portion of any future annual or quarterly report to stockholders or document or current report furnished on Form 8-K that is not deemed filed under such provisions. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

ITEM 4. DESCRIPTION OF SECURITIES

Not Applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

None.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Registrant's amended and restated certificate of incorporation (the "Certificate") and amended and restated bylaws (the "Bylaws") provide that the Registrant will indemnify its directors and executive officers to the fullest extent permitted by the Delaware General Corporation Law, which prohibits the Certificate from limiting the liability of the Registrant's directors for the following:

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

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of the Registrant's directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. The Certificate does not eliminate a director's duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of nonmonetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under the Bylaws, the Registrant is empowered to enter into indemnification agreements with its directors, officers, employees and other agents and to purchase insurance on behalf of any person whom the Registrant is required or permitted to indemnify.

In addition to the indemnification required in the Certificate and the Bylaws, the Registrant has entered into agreements to indemnify our directors and executive officers, and other employees as determined by the Registrant's board of directors, against expenses and liabilities to the fullest extent permitted by Delaware law. These agreements also provide, subject to certain exceptions, for indemnification for related expenses including, among others, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. The Registrant believes that the provisions in the Certificate, the Bylaws and the indemnification agreements are necessary to attract and retain qualified persons as directors and executive officers. The Registrant also maintains directors' and officers' liability insurance to cover liabilities its directors and officers may incur in connection with their services to the Registrant.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not Applicable

ITEM 8. EXHIBITS

Exhibit Number	Description	Form	Incorporated by Reference		Exhibit	Filed Herewith
			File No.	Filing Date		
4.1	Amended and Restated Certificate of Incorporation	S-1/A	333-172215	April 1, 2011	3.1	
4.2	Amended and Restated Bylaws	S-1/A	333-172215	April 1, 2011	3.2	
5.1	Opinion of Sidley Austin LLP					X
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm					X
23.2	Consent of Sidley Austin LLP (contained in Exhibit 5.1)					X
24.1	Power of Attorney (included on the signature page of this registration statement)					X
99.1	2011 Equity Incentive Plan	S-1/A	333-172215	May 26, 2011	10.1	
99.2	Form of Notice of Substitute Stock Option Grant					X
99.3	Form of Substitute Stock Option Agreement					X

ITEM 9. UNDERTAKINGS

- A. The undersigned Registrant hereby undertakes:
- 1) to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "1933 Act"), (ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement and (iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement; provided, however, that clauses (1)(i) and (1)(ii) shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the 1934 Act that are incorporated by reference into this Registration Statement;
 - 2) that for the purpose of determining any liability under the 1933 Act each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and
 - 3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the 1933 Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the 1934 Act that is incorporated by reference into this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- C. Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers, or controlling persons of the Registrant pursuant to the indemnification foregoing provisions summarized in Item 6 or otherwise, the Registrant has been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the 1933 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 1933 Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oakland, State of California, on this 13th day of November 2015.

Pandora Media, Inc.

By: /s/ Brian P. McAndrews

Name: Brian P. McAndrews
Title: Chief Executive Officer, President and
Chairman of the Board

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below, constitutes and appoints Brian P. McAndrews, Michael S. Herring and Stephen Bené and each of them, our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, to do any and all acts and things and execute, in the name of the undersigned, any and all instruments which said attorneys-in-fact and agents may deem necessary or advisable in order to enable Pandora Media, Inc. to comply with the Securities Act of 1933 and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing with the Securities and Exchange Commission of the registration statement on Form S-8 under the Securities Act of 1933, including specifically but without limitation, power and authority to sign the name of the undersigned to such registration statement, and any amendments to such registration statement (including post-effective amendments), and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, to sign any and all applications, registration statements, notices or other documents necessary or advisable to comply with applicable state securities laws, and to file the same, together with other documents in connection therewith with the appropriate state securities authorities, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and to perform each and every act and thing requisite or necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them, or their 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 date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Brian P. McAndrews</u> Brian P. McAndrews	Chief Executive Officer, President and Chairman of the Board (Principal Executive Officer)	November 13, 2015
<u>/s/ Michael S. Herring</u> Michael S. Herring	Chief Financial Officer (Principal Financial and Accounting Officer)	November 13, 2015
<u>/s/ Peter Chernin</u> Peter Chernin	Director	November 13, 2015
<u>/s/ Roger Faxon</u> Roger Faxon	Director	November 13, 2015
<u>/s/ James M. P. Feuille</u> James M. P. Feuille	Director	November 13, 2015
<u>/s/ Peter Gotcher</u> Peter Gotcher	Director	November 13, 2015
<u>/s/ Timothy Leiweke</u> Timothy Leiweke	Director	November 13, 2015
<u>/s/ Elizabeth A. Nelson</u> Elizabeth A. Nelson	Director	November 13, 2015
<u>/s/ Mickie Rosen</u> Mickie Rosen	Director	November 13, 2015
<u>/s/ Tim Westergren</u> Tim Westergren	Director	November 13, 2015

INDEX TO EXHIBITS

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99.2	Form of Notice of Substitute Stock Option Grant					X
99.3	Form of Substitute Stock Option Agreement					X



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BEIJING
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BRUSSELS
CENTURY CITY
CHICAGO
DALLAS
GENEVA
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LOS ANGELES
NEW YORK
PALO ALTO
SAN FRANCISCO

SHANGHAI
SINGAPORE
SYDNEY
TOKYO
WASHINGTON, D.C.

November 13, 2015

Pandora Media, Inc.
2101 Webster Street, Suite 1650
Oakland, CA 94612

Re: 205,473 Shares of Common Stock, \$0.0001 par value per share

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-8 (the "Registration Statement") being filed by Pandora Media, Inc., a Delaware corporation (the "Company"), with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of 205,473 shares of Common Stock, \$0.0001 par value per share (the "Registered Shares"), of the Company, which may be issued under the Company's 2011 Equity Incentive Plan (the "Plan").

This opinion letter is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act.

We have examined the Registration Statement, the Company's certificate of incorporation, the Plan and the resolutions adopted by the board of directors of the Company relating to the Registration Statement and the Plan. We have also examined originals, or copies of originals certified to our satisfaction, of such agreements, documents, certificates and statements of the Company and other corporate documents and instruments, and have examined such questions of law, as we have considered relevant and necessary as a basis for this opinion letter. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all persons and the conformity with the original documents of any copies thereof submitted to us for examination. As to facts relevant to the opinions expressed herein, we have relied without independent investigation or verification upon, and assumed the accuracy and completeness of, certificates, letters and oral and written statements and representations of public officials and officers and other representatives of the Company.

Based on the foregoing, we are of the opinion that each Registered Share that is newly issued pursuant to the Plan will be validly issued, fully paid and non-assessable when: (i) the Registration Statement, as finally amended, shall have become effective under the Securities Act; (ii) such Registered Share shall have been duly issued and delivered in accordance with the Plan; and (iii) the Company's books shall reflect the issuance of such Registered Share to the person

Pandora Media, Inc.
November 13, 2015
Page 2

entitled thereto against payment of the agreed consideration therefor in an amount not less than the par value thereof, all in accordance with the Plan.

This opinion letter is limited to the General Corporation Law of the State of Delaware. We express no opinion as to the laws, rules or regulations of any other jurisdiction, including, without limitation, the federal laws of the United States of America or any state securities or blue sky laws.

We hereby consent to the filing of this opinion letter as an Exhibit to the Registration Statement and to all references to our Firm included in or made a part of the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Sincerely,

/s/ Sidley Austin LLP

Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the 2011 Equity Incentive Plan of Pandora Media, Inc. of our reports dated February 11, 2015, with respect to the consolidated financial statements of Pandora Media, Inc. and the effectiveness of internal control over financial reporting of Pandora Media, Inc., included in its Annual Report (Form 10-K) for the year ended December 31, 2014, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

San Francisco, California
November 13, 2015

PANDORA MEDIA, INC.

2011 Equity Incentive Plan

NOTICE OF SUBSTITUTE STOCK OPTION GRANT (ISO)¹

«Optionee»

In accordance with the terms of the Agreement and Plan of Merger, dated as of May 18, 2015 among Next Big Sound, Inc. (“NBS”), Pandora Media, Inc. (the “Company”), and the other parties listed therein (the “Merger Agreement”), in substitution for your existing option to purchase common stock of NBS described below (the “Prior Option”) that was granted under the NBS 2008 Stock Option Plan (the “Prior Plan”), you have been granted an option to purchase shares of Common Stock of the Company (the “New Option”) as follows:

	<u>Prior Option</u>	<u>New Option</u>
Date of Grant:	«OriginalDate»	«ClosingDate»
Exercise Price per Share:	\$«OriginalExercisePrice»	\$«AdjustedExercisePrice»
Total Number of Shares Granted:	«OriginalNoofShares» shares of NBS’s common stock	«AdjustedNoofShares» shares of the Company’s Common Stock
Total Exercise Price:	\$«OriginalTotalExercisePrice»	\$«AdjustedTotalExercisePrice»
Type of Option:	Incentive Stock Option ²	
Expiration Date:	«OriginalExpirationDate»	
Vesting Commencement Date	«OriginalVestingCommencementDate»	
Vesting/Exercise Schedule:	The shares underlying the option shall vest in accordance with the following schedule: «OriginalVestingSchedule» The Company and the Optionee acknowledge that «NoofSharesVested» shares underlying the option are vested as of the Closing Date (as defined in the Merger Agreement).	

The following terms apply to the New Option:

¹ To be updated if any employees hold NQSOs.

² To be updated if any employees hold NQSOs.

Termination Period: The New Option may be exercised for three months after termination of Continuous Service Status except as set out in Section 6 of the Substitute Stock Option Agreement (but in no event later than the Expiration Date). Optionee is responsible for keeping track of these exercise periods following termination for any reason of his or her service relationship with the Company. The Company will not provide further notice of such periods.

Transferability: The New Option may not be transferred.

By accepting the New Option, you agree that the New Option is granted under and governed by the terms and conditions of the Pandora Media, Inc. 2011 Equity Incentive Plan and the Substitute Stock Option Agreement attached hereto and incorporated by reference herein. References to the "Company" in this Notice shall be deemed to include any of NBS or any subsidiaries of Pandora Media, Inc., as applicable, in addition to Pandora Media, Inc.

In addition, you agree and acknowledge that your rights to any Shares underlying the New Option will be earned only as you provide services to the Company over time, and that nothing in this Notice or the attached documents confers upon you any right to continue your employment or consulting relationship with the Company for any period of time, nor does it interfere in any way with your right or the Company's right to terminate that relationship at any time, for any reason, with or without Cause.

Further, you agree and acknowledge that, in accordance with the Merger Agreement, as of the Date of Grant of the New Option, the Prior Option shall be cancelled and the agreement or agreements evidencing the Prior Option shall have no further force and effect.

PANDORA MEDIA, INC.

«Optionee»

By: _____
Name: _____
Title: _____

PANDORA MEDIA, INC.

2011 EQUITY INCENTIVE PLAN

SUBSTITUTE STOCK OPTION AGREEMENT (ISO)¹

1. **Grant of Option.** Pandora Media, Inc., a Delaware corporation (the “Company”), hereby grants to «Optionee» (“Optionee”), an option (the “Option”) to purchase the total number of shares of Common Stock (the “Shares”) set forth in the Notice of Substitute Stock Option Grant (the “Notice”), at the exercise price per Share set forth in the Notice (the “Exercise Price”) subject to the terms, definitions and provisions of the Pandora Media, Inc. 2011 Equity Incentive Plan (the “Plan”) adopted by the Company, which is incorporated in this Agreement by reference. Unless otherwise defined in this Agreement, the terms used in this Agreement shall have the meanings defined in the Plan.

2. **Designation of Option.**² This Option is intended to be an Incentive Stock Option as defined in Section 422 of the Code only to the extent so designated in the Notice, and to the extent it is not so designated or to the extent the Option does not qualify as an Incentive Stock Option, it is intended to be a Nonstatutory Stock Option.

Notwithstanding the above, if designated as an Incentive Stock Option, in the event that the Shares subject to this Option (and all other Incentive Stock Options granted to Optionee) that first become exercisable in any calendar year have an aggregate fair market value (determined for each Share as of the date of grant of the option covering such Share) in excess of \$100,000, the Shares in excess of \$100,000 shall be treated as subject to a Nonstatutory Stock Option.

3. **Exercise of Option.** The Option shall be exercisable during its term in accordance with the Vesting/Exercise Schedule set out in the Notice as follows:

(a) **Right to Exercise.**

(i) This Option may not be exercised for a fraction of a share.

(ii) In the event of Optionee’s death, Disability (as defined below) or other termination of Continuous Service Status, the exercisability of the Option is governed by Section 5 below, subject to the limitations contained in this Section 3.

(iii) In no event may this Option be exercised after the Expiration Date of the Option as set forth in the Notice.

(b) **Method of Exercise.**

(i) This Option shall be exercisable by execution and delivery of a form of exercise notice (which may be written or electronic, as determined by the Company) approved for such purpose by the Company which shall state Optionee’s election to exercise the

¹ To be changed to “NSO” for any employees who hold NSOs

² To be changed to “This Option is intended to be a Nonstatutory Stock Option” for any employees who hold NSOs.

Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such Shares as may be required by the Company. The notice shall be accompanied by payment of the Exercise Price. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price.

(ii) As a condition to the exercise of this Option, Optionee agrees to make adequate provision for federal, state or other tax withholding obligations, if any, which arise upon the vesting or exercise of the Option, or disposition of Shares, whether by withholding, direct payment to the Company, or otherwise.

(iii) The Company is not obligated, and will have no liability for failure, to issue or deliver any Shares upon exercise of the Option unless such issuance or delivery would comply with the Applicable Laws, with such compliance determined by the Company in consultation with its legal counsel.

4. **Method of Payment.** Payment of the Exercise Price shall be by any of the following, or a combination of the following, at the election of Optionee:

- (a) cash;
- (b) check; or
- (c) such other consideration as permitted by the Committee in its sole discretion.

5. **Term of Option.** The Option may be exercised only within the terms set out in the Notice, and may be exercised during such term only in accordance with the Plan and the terms of this Agreement.

6. **Termination of Relationship.** Following the date of termination of Optionee's Continuous Service Status for any reason (the "Termination Date"), Optionee may exercise the Option only as set forth in the Notice and this Section 6. To the extent that Optionee is not entitled to exercise this Option as of the Termination Date, or if Optionee does not exercise this Option within the Termination Period set forth in the Notice or the termination periods set forth below, the Option shall terminate in its entirety. In no event, may any Option be exercised after the Expiration Date of the Option as set forth in the Notice.

(a) **Termination.** In the event of termination of Optionee's Continuous Service Status other than as a result of a termination by the Company for Cause (as defined below) or Optionee's Disability or death, Optionee may, to the extent Optionee is vested in the Option Shares as of the Termination Date, exercise this Option during the Termination Period set forth in the Notice.

(b) **Other Terminations.** In connection with any termination other than a termination covered by Section 6(a), Optionee may exercise the Option only as described below:

(i) **Termination for Cause.** In the event of termination of Optionee's Continuous Service Status as a result of a termination by the Company for Cause, any unexercised portion of the Option (whether vested or unvested) shall terminate effective immediately upon such termination and shall no longer be exercisable. "Cause" means, unless otherwise defined for the Optionee in the Notice or in an employment agreement between the Company (or its subsidiary) and the Optionee which addresses the effect of a termination for Cause (as therein defined) on benefits hereunder:

(1) the Optionee's commission of a felony or other crime involving fraud, dishonesty or moral turpitude;

(2) the Optionee's willful or reckless misconduct in the performance of the Optionee's duties;

(3) the Optionee's habitual neglect of duties; provided, however that the Optionee is given at least ten (10) days prior written notice of such habitual neglect and the opportunity to cure any curable neglect; or

(4) the Optionee's breach or violation of any agreement between the Optionee and the Company (or its subsidiary), including but not limited to any noncompetition, nonsolicitation, or nondisclosure undertaking, or of any Company policy;

provided, however, that for purposes of clauses (2) and (3), Cause shall not include bad judgment or negligent acts not amounting to habitual neglect of duties. An Optionee who agrees to resign his or her affiliation with the Company or a subsidiary in lieu of being terminated for Cause may be deemed to have been terminated for Cause for purposes this Agreement.

(ii) **Termination upon Disability of Optionee.** In the event of termination of Optionee's Continuous Service Status as a result of Optionee's Disability, Optionee may, but only within twelve months from the Termination Date (but in no event later than the Expiration Date as set forth in the Notice), exercise this Option to the extent Optionee was vested in the Option Shares it as of such Termination Date. "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(iii) **Death of Optionee.** In the event of the death of Optionee during the term of this Option and while an Employee of the Company and having been in Continuous Service Status since the date of grant of the Option, the Option may be exercised at any time within six months following the date of death (but in no event later than the Expiration Date as set forth in the Notice) by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent Optionee was vested in the Option as of the Termination Date.

7. **Non-Transferability of Option.** This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised

during the lifetime of Optionee only by him or her. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

8. **Lock-Up Agreement.** In connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, Optionee hereby agrees not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering. Notwithstanding the foregoing, if during the last 17 days of the restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this subsection shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement.

9. **Changes in Capitalization.** Subject to any required action by the shareholders of the Company, the number of Shares covered by this Option as well as the price per Share covered by this Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Share, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; *provided, however*, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration"; *provided, however*, that if this Option is an Incentive Stock Option, no such adjustment shall be authorized to the extent that such adjustment would cause the Plan to violate Section 422(b)(1) of the Code; *provided further*, no such adjustment shall be authorized to the extent such adjustment would cause this Option to become "deferred compensation" subject to Section 409A of the Code. Such adjustment shall be made by the Board or the Committee, in either case whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein or, to the extent consistent with Section 12 below, in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to this Option.

10. **Taxes.** Optionee may satisfy any withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of this Option that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Optionee to have Shares withheld for this purpose

shall be made in such form and under such conditions as the Committee may deem necessary or advisable.

11. **No Right to Maintain Continuous Service Status.** Neither the Plan nor any Award shall confer upon Optionee any right with respect to continuing Optionee's Continuous Service Status with the Company, nor shall they interfere in any way with Optionee's right or the Company's right to terminate such relationship at any time, with or without Cause.

12. **Substitution.** The Option substitution evidenced by this Agreement is made in accordance with Treas. Reg. § 1.424-1³, and shall be interpreted consistent with that intent. Any provisions in this Agreement or the Plan which provide for an additional benefit as described in Treas. Reg. § 1.424-1(a)(5)(v) and Treas. Reg. § 1.424-1(a)(10), Example 5, as measured against the Prior Option (as defined in the Notice) and the Prior Plan (as defined in the Notice), shall be disregarded. Notwithstanding the foregoing, nothing in this Agreement transfers any liability for taxes (including interest and penalties) from Optionee to the Company or any other entity or person.

13. **Effect of Agreement.** Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof (and has had an opportunity to consult counsel regarding the Option terms), and hereby accepts this Option and agrees to be bound by its contractual terms as set forth herein and in the Plan. Optionee hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee regarding any questions relating to the Option. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of the Notice and this Agreement, the Plan terms and provisions shall prevail. The Option, including the Plan, constitutes the entire agreement between Optionee and the Company on the subject matter hereof and supersedes all proposals, written or oral, and all other communications between the parties relating to such subject matter.

³ To be updated to refer to "Treas. Reg. § 1.409A-1(b)(5)(v)(D)" for any employees who hold NSOs. The remainder of the language in this paragraph to remain the same for NSOs.