As filed with the U.S. Securities and Exchange Commission on September 10, 2019.

Registration No. 333-233482

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Peloton Interactive, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	3600	47-3533761
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

125 West 25th Street, 11th Floor
New York, New York 10001
(866) 679-9129
(*Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices*)

John Foley
Chairman of the Board of Directors and Chief Executive Officer
125 West 25th Street, 11th floor
New York, New York 10001
(866) 679-9129
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Cynthia C. Hess **James D. Evans** **Ran D. Ben-Tzur** **Fenwick & West LLP** **902 Broadway, Suite 14** **New York, New York 10010** **(212) 430-2600**	**Hisao Kushi** **Chief Legal Officer and Secretary** **Peloton Interactive, Inc.** **125 West 25th Street, 11th Floor** **New York, New York 10001** **(866) 679-9129**	**Marc D. Jaffe** **Ian D. Schuman** **Latham & Watkins LLP** **885 Third Avenue** **New York, New York 10022** **(212) 906-1200**

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

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

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

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

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration 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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

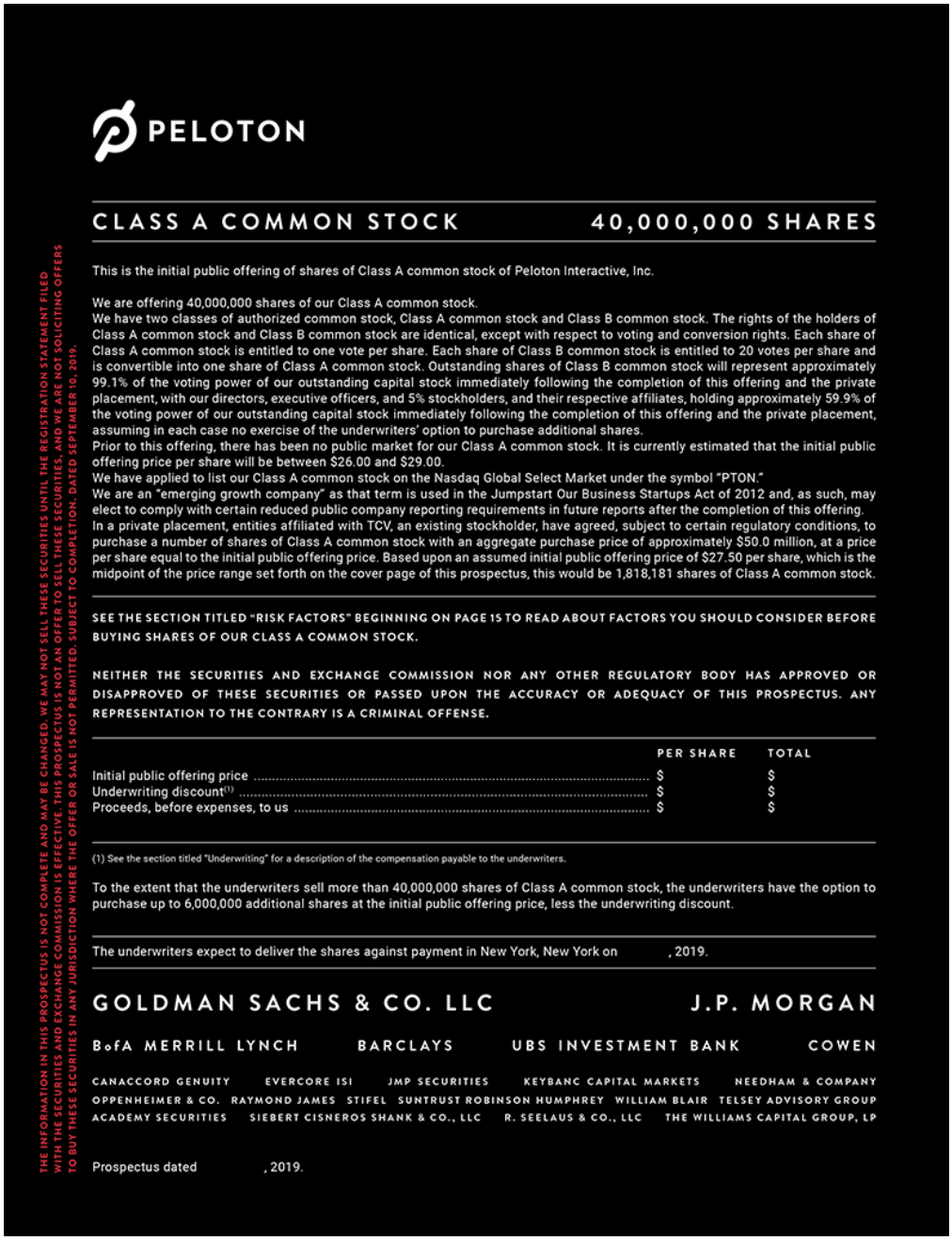
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Class A common stock, par value $0.000025 per share	46,000,000	$29.00	$1,334,000,000	$161,681

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended. Includes additional shares that the underwriters have the option to purchase.
(2) The Registrant previously paid $60,600 of this amount in connection with the initial filing of this Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.



PELOTON

CLASS A COMMON STOCK — 40,000,000 SHARES

This is the initial public offering of shares of Class A common stock of Peloton Interactive, Inc.

We are offering 40,000,000 shares of our Class A common stock.

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 20 votes per share and is convertible into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately 99.1% of the voting power of our outstanding capital stock immediately following the completion of this offering and the private placement, with our directors, executive officers, and 5% stockholders, and their respective affiliates, holding approximately 59.9% of the voting power of our outstanding capital stock immediately following the completion of this offering and the private placement, assuming in each case no exercise of the underwriters' option to purchase additional shares.

Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price per share will be between $26.00 and $29.00.

We have applied to list our Class A common stock on the Nasdaq Global Select Market under the symbol "PTON."

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, may elect to comply with certain reduced public company reporting requirements in future reports after the completion of this offering.

In a private placement, entities affiliated with TCV, an existing stockholder, have agreed, subject to certain regulatory conditions, to purchase a number of shares of Class A common stock with an aggregate purchase price of approximately $50.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, this would be 1,818,181 shares of Class A common stock.

SEE THE SECTION TITLED "RISK FACTORS" BEGINNING ON PAGE 15 TO READ ABOUT FACTORS YOU SHOULD CONSIDER BEFORE BUYING SHARES OF OUR CLASS A COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PER SHARE	TOTAL
Initial public offering price	$	$
Underwriting discount[1]	$	$
Proceeds, before expenses, to us	$	$

(1) See the section titled "Underwriting" for a description of the compensation payable to the underwriters.

To the extent that the underwriters sell more than 40,000,000 shares of Class A common stock, the underwriters have the option to purchase up to 6,000,000 additional shares at the initial public offering price, less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2019.

GOLDMAN SACHS & CO. LLC — J.P. MORGAN

BofA MERRILL LYNCH — BARCLAYS — UBS INVESTMENT BANK — COWEN

CANACCORD GENUITY — EVERCORE ISI — JMP SECURITIES — KEYBANC CAPITAL MARKETS — NEEDHAM & COMPANY
OPPENHEIMER & CO. — RAYMOND JAMES — STIFEL — SUNTRUST ROBINSON HUMPHREY — WILLIAM BLAIR — TELSEY ADVISORY GROUP
ACADEMY SECURITIES — SIEBERT CISNEROS SHANK & CO., LLC — R. SEELAUS & CO., LLC — THE WILLIAMS CAPITAL GROUP, LP

Prospectus dated , 2019.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES, AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. SUBJECT TO COMPLETION. DATED SEPTEMBER 10, 2019.

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Through and including , 2019 (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 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 nor any of the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the Class A common stock.

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

PROSPECTUS SUMMARY

This summary highlights selected information contained in more detail elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in our Class A common stock. You should carefully read this prospectus in its entirety before investing in our Class A common stock, including the sections titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Special Note Regarding Forward-Looking Statements," and our consolidated financial statements and the accompanying notes, provided elsewhere in this prospectus. Our fiscal year end is June 30, and our fiscal quarters end on September 30, December 31, March 31, and June 30. Our fiscal years ended June 30, 2017, 2018, and 2019 are referred to herein as fiscal 2017, fiscal 2018, and fiscal 2019, respectively.

Overview

Our Purpose

We believe physical activity is fundamental to a healthy and happy life. Our ambition is to empower people to improve their lives through fitness.

We are a technology company that meshes the physical and digital worlds to create a completely new, immersive, and connected fitness experience. We are also:

…a media company that creates engaging-to-the-point-of-addictive original programming with the best instructors in the world.

…an interactive software company that motivates our Members to achieve their goals.

…a product design company that develops beautiful and intuitive equipment that anticipates the needs of our Members.

…a social connection company that enables our community to support one another.

…a direct-to-consumer, multi-channel retail company that facilitates a seamless customer journey.

…an apparel company that allows Members to display their passion for Peloton.

…a logistics company that provides high-touch delivery, set up, and service for our Members.

We are driven by our Members-first obsession and we will be any company we need to be in order to deliver the best fitness experience possible.

Who We Are

Peloton is the largest interactive fitness platform in the world with a loyal community of over 1.4 million Members. We pioneered connected, technology-enabled fitness, and the streaming of immersive, instructor-led boutique classes to our Members anytime, anywhere. We make fitness entertaining, approachable, effective, and convenient, while fostering social connections that encourage our Members to be the best versions of themselves. We define a Member as any individual who has a Peloton account.

We are an innovation company at the nexus of fitness, technology, and media. We have disrupted the fitness industry by developing a first-of-its-kind subscription platform that seamlessly combines the best equipment, proprietary networked software, and world-class streaming digital fitness and wellness content, creating a product that our Members love. Our highly compelling offering helped our Members complete over 58 million Peloton workouts in fiscal 2019.

Driven by our Members-first mindset, we built a vertically integrated platform that ensures a best-in-class, end-to-end experience. We have a direct-to-consumer multi-channel sales platform, including 74 showrooms with knowledgeable sales specialists, a high-touch delivery service, and helpful Member support teams. Our Members are as devoted to us as we are to them—92% of our interactive fitness equipment ever sold, which we refer to as our Connected Fitness Products, still had an active Connected Fitness Subscription attached as of June 30, 2019.

Our Connected Fitness Product offerings currently include the Peloton Bike, launched in 2014, and the Peloton Tread, launched in 2018. Both our Bike and Tread include a state-of-the-art touchscreen that streams live and on-demand classes. Our products have a multitude of interactive software features that encourage frequent use, facilitate healthy competition on our patented leaderboard, build community among our Members, and inspire our Members to track performance and achieve their goals with real-time and historical metrics. As of June 30, 2019, we had sold approximately 577,000 Connected Fitness Products, with approximately 564,000 sold in the United States.

Our world-class instructors teach classes across a variety of fitness and wellness disciplines, including indoor cycling, indoor/outdoor running and walking, bootcamp, yoga, strength training, stretching, and meditation. We produce over 950 original programs per month and maintain a vast and constantly updated library of thousands of original fitness and wellness programs. We make it easy for Members to find a class that fits their interests based on class type, instructor, music genre, length, available equipment, area of physical focus, and level of difficulty.

Our content is available on our Connected Fitness Products through a $39.00 monthly Connected Fitness Subscription, which allows for unlimited workouts across multiple users within a household. Our Connected Fitness Subscribers can enjoy our classes anywhere through our digital app, Peloton Digital, which is available through iOS and Android mobile devices, as well as most tablets and computers. We also have Digital Subscribers who pay $19.49 per month for access to our content library on their own devices.

Our revenue is primarily generated from the sale of our Connected Fitness Products and associated recurring subscription revenue. We have experienced significant growth in sales of Connected Fitness Products, which, when combined with our strong Connected Fitness Subscriber retention rates, has driven high growth in Connected Fitness Subscribers. Our Connected Fitness Subscriber base grew by 108% in fiscal 2019.

Our compelling financial profile is characterized by high growth, strong retention, recurring revenue, margin expansion, and efficient customer acquisition. Our low Average Net Monthly Connected Fitness Churn, together with our high Subscription Contribution Margin, generates attractive Connected Fitness Subscriber Lifetime Value. When we acquire new Connected Fitness Subscribers, we are able to offset our customer acquisition costs with the gross profit earned on our Connected Fitness Products. This allows for rapid payback of our sales and marketing investments and results in a robust unit economic model.

We are a fast-growing and scaled fitness platform. For fiscal 2017, 2018, and 2019:

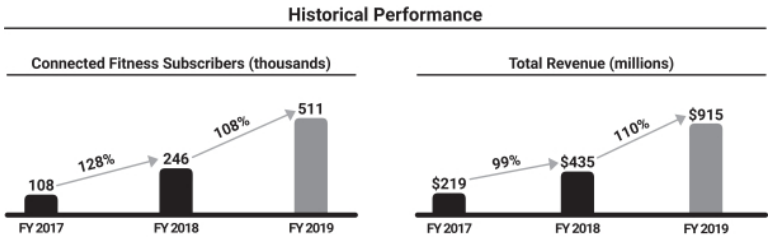
- we generated total revenue of $218.6 million, $435.0 million, and $915.0 million, respectively, representing 99.0% and 110.3% year-over-year growth;
- we incurred net losses of $(71.1) million, $(47.9) million, and $(195.6) million, respectively; and
- our Adjusted EBITDA was $(51.8) million, $(30.4) million, and $(71.3) million, respectively.

See the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures” for information regarding our use of Adjusted EBITDA and a reconciliation of net loss to Adjusted EBITDA.

For fiscal 2017, 2018, and 2019, key metrics of our business included:

- Connected Fitness Subscribers of 107,708, 245,667, and 511,202, respectively; and
- Average Net Monthly Connected Fitness Churn of 0.70%, 0.64%, and 0.65%, respectively.

For a definition of Connected Fitness Subscriber Lifetime Value, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Model” and for a definition of Connected Fitness Subscribers, Average Net Monthly Connected Fitness Churn, and Subscription Contribution Margin, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Operational and Business Metrics.”



Our Industry and Opportunity

Industry

We participate in the massive and growing global health and wellness industry. According to a 2018 report by the Global Wellness Institute, the total global spend on the wellness industry in 2017 was $4.2 trillion, of which the global fitness and certain categories of wellness, including meditation and yoga, spend represented nearly $600 billion. According to the International Health, Racquet & Sportsclub Association, or IHRSA, 183 million and 62 million people had gym memberships globally and in the United States, respectively, as of 2018.

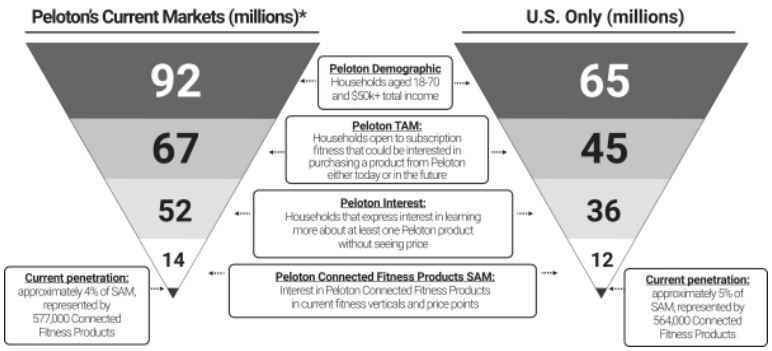
Our current product portfolio, which consists of our Bike, Tread, and fitness and wellness subscription services, addresses a large consumer base. Within our current and announced markets (the United States, the United Kingdom, Canada, and Germany), we estimate that 75 million people used treadmills and 27 million used stationary cycling bikes in the 12 months ended March 2019. In those same regions, we estimate that over 5 million treadmills and nearly 3 million stationary cycling bikes were purchased for in-home use in the 12 months ended March 2019.

We believe that we are significantly expanding the market for fitness equipment and products. According to our 2019 Member Survey, four out of five Members were not in the market for home fitness equipment prior to purchasing a Peloton Connected Fitness Product.

Opportunity

We consider our market opportunity in terms of a Total Addressable Market, or TAM, which we believe is the market we can reach over the long-term in our current and announced markets, and a Serviceable Addressable Market, or SAM, which we address with our current product verticals and price points.

According to our research, our TAM is 67 million households, of which 45 million are in the United States. Within our TAM, we estimate that 52 million households are interested in learning more about our Connected Fitness Products without seeing the price. We estimate that our SAM is 14 million Connected Fitness Products, with 12 million represented in the United States. Historically, our SAM has grown as our brand awareness has increased. With low brand awareness in our current international markets, we believe we will see SAM expand as we make further investments in building brand and product awareness in these regions. We will grow both TAM and SAM as we expand beyond our current geographies and grow SAM as we develop new Connected Fitness Products and content in new fitness verticals. With approximately 577,000 Connected Fitness Products sold globally as of June 30, 2019, we are approximately 4% penetrated in our SAM of 14 million. For a discussion of the methodology used in determining our TAM and SAM, see the section titled “Industry and Market Data.”



* Represents our total addressable market within our current and announced markets—the United States, the United Kingdom, Canada, and Germany.

Consumer Trends in Our Favor

Increasing Focus on Health and Wellness
The growing awareness of the benefits of exercise and physical activity is driving increasing participation and spend in fitness and wellness. This has translated into consistent year-over-year growth of the fitness industry both in the United States and globally over the past two decades, even during times of economic recession. According to IHRSA, health club industry revenues in the United States grew at a 5.4% annual growth rate over the last ten years. In addition, employers and health insurance companies are investing in employee well-being by offering incentives for preventative health measures such as exercise. According to a 2017 study by the National Business Group on Health, 74% of employers offer employee wellness incentives, with the average employee incentive amount increasing from $521 in 2013 to $742 in 2017.

Streaming Media is the Leading Channel of Consumption
The quality, volume, and speed of streaming content has profoundly changed media consumption patterns. Consumers can select from extensive catalogs of content across video programming, music, books, and gaming, among other categories, allowing for personalized, on-demand consumption anywhere, anytime, and at a great value. According to Kagan, a media research group of S&P Global Market Intelligence, global digital music paid subscribers are estimated to have grown from 12.1 million in 2012 to 162.5 million in 2018. Similarly, digital video paid subscribers are estimated to have increased in the United States from 37.6 million in 2012 to 167.8 million in 2018.

Desire for Community and Shared Experiences
We believe consumers are increasingly spending on experiences and are seeking meaningful community connections. Within the fitness industry, consumers have migrated to boutique fitness due to personalization, expert instruction, and the sense of community. Boutique-style fitness offerings are the fastest growing brick-and-mortar fitness category. According to IHRSA, as of 2017, 40% of members of health and fitness clubs reported belonging to a boutique fitness studio, and from 2013 to 2017, membership in boutique studios grew approximately 121%.

Demand for Convenience
Household trends, longer working hours, and the rise of mobile technology make it challenging to balance time between family, work, and personal health and wellness. According to the Pew Research Center, over the last few decades, there has been an increase in dual income families from 49% in 1970 to 66% in 2016. We believe that busy lifestyles, less free time, and changing household dynamics are driving demand for convenient fitness options.

What Sets Us Apart

Category-Defining Brand with Broad Appeal
Peloton is the pioneer of connected, technology-enabled fitness. By meshing the physical and digital worlds, we have created an immersive experience that our Members love. We have scaled rapidly through data-driven marketing and education-based

sales efforts. Our marketing is made more efficient by the significant word-of-mouth referrals from our loyal Members, which has become one of our largest sales channels. As a result of strong Connected Fitness Product sales and low Average Net Monthly Connected Fitness Churn, we have grown our Connected Fitness Subscribers from 35,135 as of June 30, 2016 to 511,202 as of June 30, 2019, representing annualized growth of approximately 144.1%.

We are democratizing access to high-quality boutique fitness by making it accessible and affordable through the compelling value of our unlimited household Connected Fitness Subscriptions and attractive financing programs for the Bike and Tread. We continue to broaden our demographic appeal—our fastest growing demographic segments are consumers under 35 years old and those with household incomes under $75,000.

Growing and Scaled Platform with Network Effects

As the largest interactive fitness platform in the world, our rapidly growing and scaled Member base is a highly strategic asset. With our first mover advantage, we have achieved critical mass, which improves our platform and Member experience. As of June 30, 2019, on average, nearly 6,400 Members participated in each cycling class, across live and on-demand. As our community of Members continues to grow, the Peloton fitness experience becomes more inspiring, more competitive, more immersive, and more connected. Over time, Members are embedded in the Peloton community and we become a part of their lives, increasing the opportunity cost of Members leaving or potential Members not joining our platform.

Engaging-to-the-Point-of-Addictive Fitness Experience Drives High Retention

By making fitness fun and motivating, we help our Members achieve their personal goals. We analyze millions of workouts per month to help us develop features that improve our Member experience and create new, on-trend fitness and wellness content that our Members crave. Engagement is the leading indicator of retention for our Connected Fitness Subscribers. We have consistently seen workouts increase over time. On average, our Connected Fitness Subscribers completed 7.5, 8.4, and 11.5 workouts per month in fiscal 2017, 2018, and 2019, respectively. Usage drives value and loyalty, which is evidenced by our exceptional weighted-average 12-month Connected Fitness Subscriber retention rate of 95% across all fiscal year cohorts since fiscal 2016.

Vertically Integrated Platform That is Difficult to Replicate

We are driven by our Members-first obsession and see every Member touchpoint as an opportunity to exceed expectations. To create the best platform, we designed our own products, developed our own interactive software, and created our own high production value fitness and wellness programming. For full end-to-end Member support, we were also compelled to develop our own customer education, purchase and delivery, and services platform. We sell our Connected Fitness Products exclusively through our knowledgeable inside sales and showroom associates as well as our e-commerce site. Our high-touch delivery teams ensure that new Members are immediately set up and ready to work out on their new Bike or Tread. The effectiveness of our end-to-end platform is demonstrated by the high Net Promoter Score for our Bike, which has been within the range of 80 to 93 since we began measuring it in 2016.

Compelling Financial Model

Our financial profile is characterized by high growth, strong retention, recurring revenue, margin expansion, and efficient customer acquisition. Our growth is attributable to our data-driven marketing approach and Member word-of-mouth referrals, both of which help us generate predictable and increasingly efficient Connected Fitness Product sales. Our low Average Net Monthly Connected Fitness Churn, combined with our high Subscription Contribution Margin, results in attractive Connected Fitness Subscriber Lifetime Value. We offset customer acquisition costs with the gross profit earned on our Connected Fitness Products, generating rapid payback of sales and marketing investments and robust unit economics.

Founder-Led, Passionate Team

Peloton was founded by John Foley in 2012. Along with his four co-founders, John set out to create the most convenient and immersive indoor cycling experience in the world. Our founders believed deeply that creating a Members-first experience would require Peloton to be as vertically integrated as possible, and so we built teams that span software development, product design, fitness instruction, content production, marketing, music, logistics, retail, and apparel. We believe that no other company is at the intersection of all these disciplines, which means that every day we are doing something that no other company has done before. This, along with the positive impact we have on our Members' physical and mental well-being, fuels our passion for continuous innovation and progress.

Growth Strategies

Our goal is to rapidly grow our Member base through the sale of our Connected Fitness Products while continuing to engage and retain our scaled and loyal community of Members.

Grow Brand Awareness

We are still in the early stages of growth in our existing markets. As of June 30, 2019, we had sold approximately 577,000 Connected Fitness Products globally, a small fraction of the 14 million products we believe reflect our SAM. While our aided brand awareness has grown rapidly in the United States and reached 67% as of April 3, 2019, we have significant room to increase our brand and product awareness in both the United States and in our other geographies through television, digital, and social media marketing, as well as our showrooms and word-of-mouth referrals. We continue to broaden our demographic appeal by educating customers on the compelling value of our Connected Fitness Subscriptions.

Continuously Improve Member Experience

We constantly improve and evolve our interactive software and content to drive Member engagement, which helps us maintain our high retention rates as we grow. We deploy new software features frequently and currently produce over 950 original programs per month to keep our content library fresh and on-trend. We also continue to drive usage through innovative fitness and wellness programs and goal-based challenges that make Members feel more accountable and help them reach their personal goals. Total Workouts for our Connected Fitness Subscribers grew from 17.9 million in fiscal 2018 to 52.2 million in fiscal 2019, representing a 192% increase. For a definition of Total Workouts, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Operational and Business Metrics.”

Launch New Products and Expand Content Offering

Over time, we plan to invest heavily in new product development and content to further penetrate our SAM. We will launch new Connected Fitness Products and accessories in our existing, as well as new fitness verticals, while continuously updating and expanding our original fitness and wellness programming. We will pursue new products where there is a large market opportunity in areas of fitness with staying power.

Pursue Disciplined Expansion into New Geographies

With more than 174 million people belonging to gyms globally, we believe there is significant opportunity for Peloton to grow internationally. In 2018, we began our international expansion and brought the Peloton experience to the United Kingdom and Canada. With our expansion into Germany in the winter of 2019, we will be in the largest fitness markets in the world. We will continue to pursue disciplined international expansion by targeting countries with high fitness penetration and spend, the presence of boutique fitness, and where we believe the Peloton value proposition will resonate.

Invest in Our Platform

We will continue to invest in technology and infrastructure to extend our leadership in connected fitness, increase our value proposition, and support our growth. Over the next couple of years, we will continue to invest in state-of-the-art production studios in New York City and London and a new headquarters in New York City, which will include a dedicated research and development facility for new product design, development, and testing. We will continue to invest heavily in a variety of software and hardware engineering functions, supply chain operations, manufacturing, and advanced quality assurance to support our growth.

Increase Profitability Through Fixed Cost Leverage

The continued growth of our Connected Fitness Subscriber base will allow us to improve Subscription Contribution Margin, increase Connected Fitness Subscriber Lifetime Value, and generate operating leverage. A significant portion of our content creation costs can be leveraged over time given that a limited number of production studios and instructors can support the future growth of our Subscriber base, which includes both our Connected Fitness and Digital Subscribers. We expect to drive continued efficiencies in sales and marketing expenses as we benefit from increasing brand awareness, word-of-mouth referrals from our growing Subscriber base, and further optimization of our sales and marketing investments by channel. We will also achieve operating leverage as we scale fixed general and administrative expenses, including those associated with our new headquarters in New York City.

Risks Associated with Our Business

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

- We have incurred operating losses in the past, expect to incur operating losses in the future, and may not achieve or maintain profitability in the future;
- We may be unable to attract and retain Subscribers, which could have an adverse effect on our business and rate of growth;
- If we are unable to anticipate consumer preferences and successfully develop and introduce new, innovative, and updated products and services in a timely manner or effectively manage the introduction of new or enhanced products and services, our business may be adversely affected;
- The market for our products and services is still in the early stages of growth and if it does not continue to grow, grows more slowly than we expect, or fails to grow as large as we expect, our business, financial condition, and operating results may be adversely affected;
- We have a limited operating history, our past financial results may not be indicative of our future performance, and our revenue growth rate is likely to slow as our business matures;
- We operate in a highly competitive market and we may be unable to compete successfully against existing and future competitors;
- We derive a significant majority of our revenue from sales of our Bike and a decline in sales of our Bike would negatively affect our future revenue and operating results;
- We rely on a limited number of suppliers, manufacturers, and logistics partners for our Connected Fitness Products and a loss of any of these partners could negatively affect our business;
- We have limited control over our suppliers, manufacturers, and logistics partners, which may subject us to significant risks, including the potential inability to produce or obtain quality products & services on a timely basis or in sufficient quantity;
- We depend upon third-party licenses for the use of music in our content and an adverse change to, loss of, or claim that we do not hold necessary licenses may have an adverse effect on our business, operating results, and financial condition;
- Our success depends on our ability to maintain the value and reputation of the Peloton brand; and
- The dual class structure of our common stock will have the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering and the private placement, including our directors, executive officers, and 5% stockholders.

Channels for Disclosure of Information

Following the completion of this offering, we intend to announce material information to the public through filings with the Securities and Exchange Commission, or the SEC, the investor relations page on our website (*www.onepeloton.com*), press releases, public conference calls, and public webcasts.

Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

Corporate Information

We were formed in 2012 as Peloton Interactive, LLC, a Delaware limited liability company. Peloton Interactive, Inc., a Delaware corporation, was incorporated in March 2015, and through a corporate restructuring in April 2015, Peloton Interactive, LLC merged with and into Peloton Interactive, Inc.

Our principal executive offices are located at 125 West 25th Street, 11th Floor, New York, New York 10001 and our telephone number is (866) 679-9129. Our website address is www.onepeloton.com. The information contained on, or that

can be accessed through, our website is not incorporated by reference into, and is not a part of, this prospectus. Investors should not rely on any such information in deciding whether to purchase our Class A common stock. Unless otherwise indicated, the terms "Peloton," "Peloton Interactive," "we," "us," and "our" refer to Peloton Interactive, Inc., together with our consolidated subsidiaries.

Peloton, the Peloton logo, Peloton Bike, Peloton Tread, Peloton Digital, and other registered or common law trade names, trademarks, or service marks of Peloton appearing in this prospectus are the property of Peloton. This prospectus contains additional trade names, trademarks, and service marks of other companies that are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks, or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies. Solely for convenience, our trademarks and tradenames referred to in this prospectus appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor, to these trademarks and tradenames.

Implications of Being an Emerging Growth Company

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

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this accommodation allowing for delayed adoption of new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We will remain an emerging growth company until the earliest to occur of: (1) the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; (2) the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; (3) the date on which we have issued, in any three-year period, more than $1.0 billion in non-convertible debt securities; and (4) the last day of the fiscal year ending after the fifth anniversary of the completion of this offering.

We may take advantage of these exemptions until such time that we are no longer an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

THE OFFERING

Class A common stock offered in this offering	40,000,000 shares
Class A common stock offered in the private placement	Entities affiliated with TCV, an existing stockholder, have agreed, subject to certain regulatory conditions, to purchase a number of shares of Class A common stock with an aggregate purchase price of approximately $50.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, this would be 1,818,181 shares of Class A common stock. Sales of these shares to entities affiliated with TCV will not be registered in this offering. In addition, TCV has agreed to a 180-day lock-up agreement pursuant to which the Class A common stock purchased in the private placement will be locked up for a period of 180 days, subject to early termination as described in the section titled “Underwriting”. We refer to the private placement of these shares of Class A common stock as the private placement.
Option to purchase additional shares of Class A common stock offered in this offering	6,000,000 shares
Class A common stock to be outstanding after this offering and the private placement	41,818,181 shares (47,818,181 shares if the option to purchase additional shares is exercised in full)
Class B common stock to be outstanding after this offering and the private placement	235,942,233 shares
Total Class A and Class B common stock to be outstanding after this offering and the private placement	277,760,414 shares (283,760,414 shares if the option to purchase additional shares is exercised in full)
Use of Proceeds	We estimate that the net proceeds from the sale of shares of our Class A common stock in this offering and the private placement will be approximately $1.1 billion, or approximately $1.3 billion if the underwriters exercise their option to purchase additional shares in full, based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and estimated offering expenses. The principal purposes of this offering and the private placement are to increase our capitalization and financial flexibility, create a public market for our Class A common stock, and enable access to the public equity markets for us and our stockholders. We primarily intend to use the net proceeds that we receive from this offering and the private placement for working capital and other general corporate purposes, which may include research and development and sales and marketing activities, general and administrative matters, and capital expenditures. We may also use a portion of the proceeds for the acquisition of, or investment in, technologies, solutions, or businesses that complement our business. However, we do not have binding agreements or commitments for any acquisitions

	or investments outside the ordinary course of business at this time. See the section titled “Use of Proceeds” for additional information.
Voting Rights	Shares of Class A common stock are entitled to one vote per share. Shares of Class B common stock are entitled to 20 votes per share. Holders of our Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our restated certificate of incorporation. Following the completion of this offering, each share of our Class B common stock will be convertible into one share of our Class A common stock at any time and will convert automatically upon certain transfers and upon the earlier of (i) the date specified by a vote of the holders of 66 2/3% of the then outstanding shares of Class B common stock, (ii) ten years from the closing of this offering, and (iii) the date the shares of Class B common stock cease to represent at least 1% of all outstanding shares of our common stock. The holders of our outstanding Class B common stock will hold 99.1% of the voting power of our outstanding capital stock following this offering and the private placement, with our directors, executive officers, and 5% stockholders and their respective affiliates holding 59.9% of the voting power in the aggregate. These stockholders will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change of control transaction. See the sections titled “Principal Stockholders” and “Description of Capital Stock” for additional information.
Risk Factors	See the section titled “Risk Factors” and other information included in this prospectus for a discussion of some of the factors you should consider before deciding to purchase shares of our Class A common stock.
Proposed Nasdaq Global Select Market symbol	“PTON”

The number of shares of our Class A common stock and Class B common stock to be outstanding after this offering and the private placement is based upon zero shares of our Class A common stock outstanding and 235,942,233 shares of our Class B common stock outstanding, in each case, as of June 30, 2019 and does not include:

- 64,602,124 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of June 30, 2019, with a weighted-average exercise price of $6.71 per share;
- 883,550 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted between June 30, 2019 and September 10, 2019 with a weighted-average exercise price of $23.40 per share;
- 240,000 shares of our Class B common stock issuable upon the exercise of a warrant to purchase Class B common stock outstanding as of June 30, 2019, with an exercise price of $0.19 per share; and
- 55,672,360 shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (1) 9,085,593 shares of our Class B common stock reserved for future issuance under our 2015 Stock Plan, or the 2015 Plan, as of June 30, 2019 (which reserve does not reflect the options to purchase shares of our Class B common stock granted after June 30, 2019), (2) 40,986,767 shares of our Class A common stock reserved for future issuance under our 2019 Equity Incentive Plan, or the 2019 Plan, which will become effective on the date immediately prior to

the date of this prospectus, and (3) 5,600,000 shares of our Class A common stock reserved for issuance under our 2019 Equity Stock Purchase Plan, or the 2019 ESPP, which will become effective on the date of this prospectus.

On the date immediately prior to the date of this prospectus, any remaining shares available for issuance under our 2015 Plan will be added to the shares of our Class A common stock reserved for issuance under our 2019 Plan, and we will cease granting awards under the 2015 Plan. Our 2019 Plan and 2019 ESPP also provide for automatic annual increases in the number of shares reserved thereunder. See the section titled "Executive Compensation—Employee Benefit Plans" for additional information.

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

- the amendment to our restated certificate of incorporation to redesignate our outstanding common stock as Class B common stock and create a new class of Class A common stock to be offered and sold in this offering;
- the automatic conversion and reclassification of all outstanding shares of our redeemable convertible preferred stock as of June 30, 2019 into 210,640,629 shares of our Class B common stock which will occur upon the completion of this offering;
- no exercise of outstanding stock options or the outstanding warrant after June 30, 2019;
- the filing and effectiveness of our restated certificate of incorporation and the effectiveness of our restated bylaws, each of which will occur upon the completion of this offering; and
- the issuance and sale by us in the private placement of a number of shares of Class A common stock with an aggregate purchase price of approximately $50.0 million, at a price per share equal to the initial public offering price to entities affiliated with TCV. Based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, this would be 1,818,181 shares of Class A common stock.
- no exercise by the underwriters of their option to purchase up to an additional 6,000,000 shares of our Class A common stock in this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial data. We derived our summary consolidated statements of operations for fiscal 2017, fiscal 2018, and fiscal 2019 (except the pro forma share and pro forma net loss per share information) and the summary consolidated balance data as of June 30, 2019 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future. You should read the following summary consolidated financial data in conjunction with the sections titled "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements, the accompanying notes, and other financial information included elsewhere in this prospectus.

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions, except share and per share data)		
Consolidated Statement of Operations Data:			
Revenue:			
Connected Fitness Products	$ 183.5	$ 348.6	$ 719.2
Subscription	32.5	80.3	181.1
Other	2.6	6.2	14.7
Total revenue	218.6	435.0	915.0
Cost of revenue[1][2]:			
Connected Fitness Products	113.5	195.0	410.8
Subscription[3]	29.3	45.5	103.7
Other	1.9	4.9	17.0
Total cost of revenue	144.7	245.4	531.4
Gross profit	73.9	189.6	383.6
Operating expenses:			
Research and development[1][2]	13.0	23.4	54.8
Sales and marketing[1][2]	86.0	151.4	324.0
General and administrative[1][2]	45.6	62.4	207.0
Total operating expenses	144.7	237.1	585.8
Loss from operations	(70.7)	(47.5)	(202.3)
Other (expense) income, net	(0.3)	(0.3)	6.7
Loss before provision for income taxes	(71.1)	(47.8)	(195.6)
Provision for income taxes	—	0.1	0.1
Net loss	$ (71.1)	$ (47.9)	$ (195.6)
Net loss attributable to common stockholders	$ (163.4)	$ (47.9)	$ (245.7)
Net loss per share attributable to common stockholders, basic and diluted[4]	$ (5.97)	$ (2.18)	$ (10.72)
Weighted-average common shares outstanding, basic and diluted[4]	27,379,789	21,934,228	22,911,764

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions, except share and per share data)		
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)(4)			$ (0.84)
Pro forma weighted-average common shares outstanding, basic and diluted (unaudited)(4)			233,552,393

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

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Cost of revenue:			
Connected Fitness Products	$ —	$ —	$ 0.3
Subscription	0.1	0.5	3.2
Other	—	—	—
Total cost of revenue	0.1	0.5	3.5
Research and development	0.4	0.8	7.1
Sales and marketing	0.4	0.7	8.4
General and administrative	9.5	6.5	70.5
Total stock-based compensation expense	$ 10.3	$ 8.5	$ 89.5

(2) Includes depreciation and amortization expense as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Cost of revenue:			
Connected Fitness Products	$ 0.4	$ 0.3	1.2
Subscription	1.2	2.8	11.3
Other	—	—	—
Total cost of revenue	1.6	3.1	12.6
Research and development	—	—	—
Sales and marketing	1.0	1.7	4.0
General and administrative	1.1	1.8	5.2
Total depreciation and amortization expense	$ 3.7	$ 6.6	$ 21.7

(3) Included in subscription cost of revenue are content costs for past use as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Content costs for past use(1)	$ 15.5	$ 14.5	$ 16.4

(1) From time-to-time, we execute music royalty agreements with various music rights holders. As part of these go-forward license agreements, we may also enter into agreements whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in our content in exchange for a mutually-agreed payment. We refer to these payments as content costs for past use.

(4) See Note 16 of the notes to our audited consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net loss per share attributable to common stockholders, basic and diluted, and pro forma net loss per share attributable to common stockholders, basic and diluted.

	As of June 30, 2019		
	Actual	Pro Forma(1)	Pro Forma as Adjusted(2)
Consolidated Balance Sheet Data:		(in millions)	
Cash and cash equivalents	$ 162.1	$ 162.1	$ 1,251.1
Working capital	290.9	290.9	1,379.9
Total assets	864.5	864.5	1,953.5
Customer deposits and deferred revenue	90.8	90.8	90.8
Redeemable convertible preferred stock	941.1	—	—
Total stockholders' (deficit) equity	(538.6)	402.5	1,491.5

(1) The pro forma column reflects the automatic conversion of all outstanding shares of our redeemable convertible preferred stock as of June 30, 2019 into 210,640,629 shares of our Class B common stock.

(2) The pro forma as adjusted column reflects the items described in footnote (1) the sale of shares of our Class A common stock in this offering and the private placement at an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and estimated offering expenses. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) cash and cash equivalents, working capital, total assets, and total stockholders' (deficit) equity by $38.0 million, assuming that the number of shares offered by us in this offering, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares offered by us in this offering would increase (decrease) cash and cash equivalents, working capital, total assets, and total stockholders' (deficit) equity by approximately $26.1 million, assuming the assumed initial public offering price, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes included elsewhere in this prospectus before deciding whether to invest in shares of our Class A common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. If any of the following risks occur, our business, financial condition, operating results, and future prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business

We have incurred operating losses in the past, expect to incur operating losses in the future, and may not achieve or maintain profitability in the future.

We have incurred operating losses each year since our inception in 2012, including net losses of $(71.1) million, $(47.9) million, and $(195.6) million for fiscal 2017, 2018, and 2019, respectively, and expect to continue to incur net losses for the foreseeable future. As a result, we had a total stockholders' deficit of $(538.6) million at June 30, 2019. We expect our operating expenses to increase in the future as we increase our sales and marketing efforts, continue to invest in research and development, expand our operating and retail infrastructure, add content and software features to our platform, expand into new geographies, and develop new Connected Fitness Products. Further, as a public company, we will incur additional legal, accounting, and other expenses that we did not incur as a private company. These efforts and additional expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our operating expenses. Our revenue growth may slow or our revenue may decline for a number of other reasons, including reduced demand for our products and services, increased competition, a decrease in the growth or reduction in size of our overall market, or if we cannot capitalize on growth opportunities. If our revenue does not grow at a greater rate than our operating expenses, we will not be able to achieve and maintain profitability.

We may be unable to attract and retain Subscribers, which could have an adverse effect on our business and rate of growth.

We have experienced significant Subscriber growth over the past several years. Our continued business and revenue growth is dependent on our ability to continuously attract and retain Subscribers, and we cannot be sure that we will be successful in these efforts, or that Subscriber retention levels will not materially decline. There are a number of factors that could lead to a decline in Subscriber levels or that could prevent us from increasing our Subscriber levels, including:

- our failure to introduce new features, products, or services that Members find engaging or our introduction of new products or services, or changes to existing products and services that are not favorably received;
- harm to our brand and reputation;
- pricing and perceived value of our offerings;
- our inability to deliver quality products, content, and services;
- our Members engaging with competitive products and services;
- technical or other problems preventing Members from accessing our content and services in a rapid and reliable manner or otherwise affecting the Member experience;
- unsatisfactory experiences with the delivery, installation, or service of our Connected Fitness Products;
- a decline in the public's interest in indoor cycling or running, or other fitness disciplines that we invest most heavily in; and
- deteriorating general economic conditions or a change in consumer spending preferences or buying trends.

Additionally, further expansion into international markets such as Canada, the United Kingdom, and Germany will create new challenges in attracting and retaining Subscribers that we may not successfully address. As a result of these factors, we cannot be sure that our Subscriber levels will be adequate to maintain or permit the expansion of our operations. A decline in Subscriber levels could have an adverse effect on our business, financial condition, and operating results.

If we are unable to anticipate consumer preferences and successfully develop and introduce new, innovative, and updated products and services in a timely manner or effectively manage the introduction of new or enhanced products and services, our business may be adversely affected.

Our success in maintaining and increasing our Subscriber base depends on our ability to identify and originate trends as well as to anticipate and react to changing consumer demands in a timely manner. Our products and services are subject to changing consumer preferences that cannot be predicted with certainty. If we are unable to introduce new or enhanced offerings in a timely manner, or our new or enhanced offerings are not accepted by our Subscribers, our competitors may introduce similar offerings faster than us, which could negatively affect our rate of growth. Moreover, our new offerings may not receive consumer acceptance as preferences could shift rapidly to different types of fitness and wellness offerings or away from these types of offerings altogether, and our future success depends in part on our ability to anticipate and respond to these changes. Failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower subscription rates, lower sales, pricing pressure, lower gross margins, discounting of our existing Connected Fitness Products, and excess inventory levels. Even if we are successful in anticipating consumer preferences, our ability to adequately react to and address them will partially depend upon our continued ability to develop and introduce innovative, high-quality offerings. Development of new or enhanced products and services may require significant time and financial investment, which could result in increased costs and a reduction in our profit margins. For example, we have historically incurred higher levels of sales and marketing expenses accompanying each product and service introduction.

Moreover, we must successfully manage introductions of new or enhanced products and services, which could adversely impact the sales of our existing products and services. For instance, consumers may decide to purchase new or enhanced products and services instead of our existing products and services, which could lead to excess product inventory and discounting of our existing products and services.

The market for our products and services is still in the early stages of growth and if it does not continue to grow, grows more slowly than we expect, or fails to grow as large as we expect, our business, financial condition, and operating results may be adversely affected.

The connected fitness and wellness market is relatively new, rapidly growing, largely unproven, and it is uncertain whether it will sustain high levels of demand and achieve wide market acceptance. Our success depends substantially on the willingness of consumers to widely adopt our products and services. To be successful, we will have to educate consumers about our products and services through significant investment, and provide quality content that is superior to the content and experiences provided by our competitors. Additionally, the fitness and wellness market at large is heavily saturated, and the demand for and market acceptance of new products and services in the market is uncertain. It is difficult to predict the future growth rates, if any, and size of our market. We cannot assure you that our market will develop, that the public's interest in connected fitness and wellness will continue, or that our products and services will be widely adopted. If our market does not develop, develops more slowly than expected, or becomes saturated with competitors, or if our products and services do not achieve market acceptance, our business, financial condition, and operating results could be adversely affected.

We have a limited operating history and our past financial results may not be indicative of our future performance. Further, our revenue growth rate is likely to slow as our business matures.

We began operations in 2012, shipped our first Bike in 2014, and shipped our first Tread in 2018. We have a limited history of generating revenue. As a result of our short operating history, we have limited financial data that can be used to evaluate our current business. Therefore, our historical revenue growth should not be considered indicative of our future performance. In particular, we have experienced periods of high revenue growth since we began selling our Bike that we do not expect to continue as our business matures. Estimates of future revenue growth are subject to many risks and uncertainties and our future revenue may differ materially from our projections. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including market acceptance of our products and services, attracting and retaining Subscribers, and increasing competition and expenses as we expand our business. We cannot be sure that we will be successful in addressing these and other challenges we may face in the future, and our business may be adversely affected if we do not manage these risks

successfully. In addition, we may not achieve sufficient revenue to attain or maintain positive cash flows from operations or profitability in any given period, or at all.

We operate in a highly competitive market and we may be unable to compete successfully against existing and future competitors.

Our products and services are offered in a highly competitive market. We face significant competition in every aspect of our business, including at-home fitness equipment and content, fitness clubs, in-studio fitness classes, and health and wellness apps. Moreover, we expect the competition in our market to intensify in the future as new and existing competitors introduce new or enhanced products and services that compete with ours.

Our competitors may develop, or have already developed, products, features, content, services, or technologies that are similar to ours or that achieve greater acceptance, may undertake more successful product development efforts, create more compelling employment opportunities, or marketing campaigns, or may adopt more aggressive pricing policies. Our competitors may develop or acquire, or have already developed or acquired, intellectual property rights that significantly limit or prevent our ability to compete effectively in the public marketplace. In addition, our competitors may have significantly greater resources than us, allowing them to identify and capitalize more efficiently upon opportunities in new markets and consumer preferences and trends, quickly transition and adapt their products and services, devote greater resources to marketing and advertising, or be better positioned to withstand substantial price competition. If we are not able to compete effectively against our competitors, they may acquire and engage customers or generate revenue at the expense of our efforts, which could have an adverse effect on our business, financial condition, and operating results.

We derive a significant majority of our revenue from sales of our Bike. A decline in sales of our Bike would negatively affect our future revenue and operating results.

Our Connected Fitness Products are sold in highly competitive markets with limited barriers to entry. Introduction by competitors of comparable products at lower price points, a maturing product lifecycle, a decline in consumer spending, or other factors could result in a decline in our revenue derived from our Connected Fitness Products, which may have an adverse effect on our business, financial condition, and operating results. Because we derive a significant majority of our revenue from the sales of our Bike, any material decline in sales of our Bike would have a pronounced impact on our future revenue and operating results.

We rely on a limited number of suppliers, manufacturers, and logistics partners for our Connected Fitness Products. A loss of any of these partners could negatively affect our business.

We rely on a limited number of suppliers to manufacture and transport our Connected Fitness Products, including in some cases only a single supplier for some of our products and components. Our reliance on a limited number of manufacturers for each of our Connected Fitness Products increases our risks, since we do not currently have alternative or replacement manufacturers beyond these key parties. In the event of interruption from any of our manufacturers, we may not be able to increase capacity from other sources or develop alternate or secondary sources without incurring material additional costs and substantial delays. Furthermore, all of these manufacturers' primary facilities are located in Taiwan. Thus, our business could be adversely affected if one or more of our suppliers is impacted by a natural disaster or other interruption at a particular location.

If we experience a significant increase in demand for our Connected Fitness Products, or if we need to replace an existing supplier or partner, we may be unable to supplement or replace them on terms that are acceptable to us, which may undermine our ability to deliver our products to Members in a timely manner. For example, it may take a significant amount of time to identify a manufacturer that has the capability and resources to build our products to our specifications in sufficient volume. Identifying suitable suppliers, manufacturers, and logistics partners is an extensive process that requires us to become satisfied with their quality control, technical capabilities, responsiveness and service, financial stability, regulatory compliance, and labor and other ethical practices. Accordingly, a loss of any of our significant suppliers, manufactures, or logistics partners could have an adverse effect on our business, financial condition and operating results.

We have limited control over our suppliers, manufacturers, and logistics partners, which may subject us to significant risks, including the potential inability to produce or obtain quality products and services on a timely basis or in sufficient quantity.

We have limited control over our suppliers, manufacturers, and logistics partners, which subjects us to risks, such as the following:

- inability to satisfy demand for our Connected Fitness Products;
- reduced control over delivery timing and product reliability;
- reduced ability to monitor the manufacturing process and components used in our Connected Fitness Products;
- limited ability to develop comprehensive manufacturing specifications that take into account any materials shortages or substitutions;
- variance in the manufacturing capability of our third-party manufacturers;
- price increases;
- failure of a significant supplier, manufacturer, or logistics partner to perform its obligations to us for technical, market, or other reasons;
- variance in the quality of last mile services provided by our third-party logistics partners;
- difficulties in establishing additional supplier, manufacturer, or logistics partner relationships if we experience difficulties with our existing suppliers, manufacturers, or logistics partners;
- shortages of materials or components;
- misappropriation of our intellectual property;
- exposure to natural catastrophes, political unrest, terrorism, labor disputes, and economic instability resulting in the disruption of trade from foreign countries in which our Connected Fitness Products are manufactured or the components thereof are sourced;
- changes in local economic conditions in the jurisdictions where our suppliers, manufacturers, and logistics partners are located;
- the imposition of new laws and regulations, including those relating to labor conditions, quality and safety standards, imports, duties, tariffs, taxes, and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds; and
- insufficient warranties and indemnities on components supplied to our manufacturers or performance by our partners.

We also rely on our logistics partners, including last mile warehouse and delivery partners, to complete a substantial percentage of our deliveries to customers, with the rest of the deliveries handled by our own last mile team. Our primary last mile partner relies on a network of independent contractors to perform last mile services for us in many markets. If any of these independent contractors, or the last mile partner as a whole, do not perform their obligations or meet the expectations of us or our Members, our reputation and business could suffer.

The occurrence of any of these risks, especially during seasons of peak demand, could cause us to experience a significant disruption in our ability to produce and deliver our products to our customers.

We depend upon third-party licenses for the use of music in our content. An adverse change to, loss of, or claim that we do not hold necessary licenses may have an adverse effect on our business, operating results, and financial condition.

Music is an important element of the overall content that we make available to our Members. To secure the rights to use music in our content, we enter into agreements to obtain licenses from rights holders such as record labels, music publishers, performing rights organizations, collecting societies, artists, and other copyright owners or their agents. We pay royalties to such parties or their agents around the world.

The process of obtaining licenses involves identifying and negotiating with many rights holders, some of whom are unknown or difficult to identify, and implicates a myriad of complex and evolving legal issues across many jurisdictions, including open questions of law as to when and whether particular licenses are needed. Rights holders also may attempt to

take advantage of their market power to seek onerous financial terms from us. Our relationship with certain rights holders may deteriorate. Artists and/or artist groups may object and may exert public or private pressure on rights holders to discontinue or to modify license terms. Additionally, there is a risk that aspiring rights holders, their agents, or legislative or regulatory bodies will create or attempt to create new rights that could require us to enter into new license agreements with, and pay royalties to, newly defined groups of rights holders, some of which may be difficult or impossible to identify.

With respect to musical compositions, in addition to obtaining publishing rights, we generally need to obtain separate public performance rights. In the United States, public performance rights are typically obtained through intermediaries known as performing rights organizations, or PROs, which (a) issue blanket licenses with copyright users for the public performance of compositions in their repertory, (b) collect royalties under those licenses, and (c) distribute such royalties to copyright owners. We have agreements with each of the following PROs in the United States: the American Society of Composers, Authors and Publishers, or ASCAP, and Broadcast Music, Inc., or BMI, Global Music Rights, and SESAC. The royalty rates available to us from the PROs today may not be available to us in the future. Licenses provided by ASCAP and BMI currently are governed by consent decrees, which were issued by the U.S. Department of Justice in an effort to curb anti-competitive conduct. Removal of or changes to the terms or interpretation of these agreements could affect our ability to obtain licenses from these PROs on current and/or otherwise favorable terms, which could harm our business, operating results, and financial condition.

In other parts of the world, including in Canada and Europe, we obtain licenses for musical compositions either through local collecting societies representing publishers, or from publishers directly, or a combination thereof. We cannot guarantee that our licenses with collecting societies and our direct licenses with publishers provide full coverage for all of the musical compositions we use in our service in the countries in which we operate, or that we may enter in the future. Publishers, songwriters, and other rights holders who choose not to be represented by major or independent publishing companies or collecting societies have, and could in the future, adversely impact our ability to secure licensing arrangements in connection with musical compositions that such rights holders own or control, and could increase the risk of liability for copyright infringement.

Although we expend significant resources to seek to comply with the statutory, regulatory, and judicial frameworks, we cannot guarantee that we currently hold, or will always hold, every necessary right to use all of the music that is used on our service, and we cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future.

These challenges, and others concerning the licensing of music on our platform, may subject us to significant liability for copyright infringement, breach of contract, or other claims. For additional information, see the section titled “Business—Legal Proceedings.”

Our success depends on our ability to maintain the value and reputation of the Peloton brand.

We believe that our brand is important to attracting and retaining Members. Maintaining, protecting, and enhancing our brand depends largely on the success of our marketing efforts, ability to provide consistent, high-quality products, services, features, content, and support, and our ability to successfully secure, maintain, and defend our rights to use the “Peloton” mark, our “P” logo, and other trademarks important to our brand. We believe that the importance of our brand will increase as competition further intensifies and brand promotion activities may require substantial expenditures. Our brand could be harmed if we fail to achieve these objectives or if our public image were to be tarnished by negative publicity. Unfavorable publicity about us, including our products, services, technology, customer service, content, personnel, and suppliers could diminish confidence in, and the use of, our products and services. Such negative publicity also could have an adverse effect on the size, engagement and loyalty of our Member base and result in decreased revenue, which could have an adverse effect on our business, financial condition, and operating results.

We have grown rapidly in recent years and have limited operating experience at our current scale of operations. If we are unable to manage our growth effectively, our brand, company culture, and financial performance may suffer.

We have expanded our operations rapidly and have limited operating experience at our current size. For example, between June 30, 2017 and June 30, 2019, our employee headcount increased from 443 to 1,950, and we expect headcount growth

to continue for the foreseeable future. Further, as we grow, our business becomes increasingly complex. To effectively manage and capitalize on our growth, we must continue to expand our sales and marketing, focus on innovative product and content development, upgrade our management information systems and other processes, and obtain more space for our expanding staff. Our continued growth could strain our existing resources, and we could experience ongoing operating difficulties in managing our business across numerous jurisdictions, including difficulties in hiring, training, and managing a diffuse and growing employee base. Failure to scale and preserve our company culture with growth could harm our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. Moreover, the vertically integrated nature of our business, where we design our own Connected Fitness Products, develop our own software, produce original fitness and wellness programming, sell our products exclusively through our own sales teams and e-commerce site, and deliver and service our Connected Fitness Products, exposes us to risk and disruption at many points that are critical to successfully operating our business and may make it more difficult for us to scale our business. If we do not adapt to meet these evolving challenges, or if our management team does not effectively scale with our growth, we may experience erosion to our brand, the quality of our products and services may suffer, and our company culture may be harmed.

Our growth strategy contemplates a significant increase in our advertising and other marketing spending and expanding our retail showroom presence. Many of our existing retail showrooms are relatively new and we cannot assure you that these showrooms or that future showrooms will generate revenue and cash flow comparable with those generated by our more mature locations, especially as we move to new geographic markets. Further, many of our retail showrooms are leased pursuant to multi-year short-term leases, and our ability to negotiate favorable terms on an expiring lease or for a lease renewal option may depend on factors that are not within our control. We may also open additional production studios as we expand internationally, which will require significant additional investment. Successful implementation of our growth strategy will require significant expenditures before any substantial associated revenue is generated and we cannot guarantee that these increased investments will result in corresponding and offsetting revenue growth.

Because we have a limited history operating our business at its current scale, it is difficult to evaluate our current business and future prospects, including our ability to plan for and model future growth. Our limited operating experience at this scale, combined with the rapidly evolving nature of the market in which we sell our products and services, substantial uncertainty concerning how these markets may develop, and other economic factors beyond our control, reduces our ability to accurately forecast quarterly or annual revenue. Failure to manage our future growth effectively could have an adverse effect on our business, financial condition, and operating results.

We cannot compel third parties to license their music to us, and our business may be adversely affected if our access to music is limited. The concentration of control of content by major music licensors means that the actions of one or a few licensors may adversely affect our ability to provide our service.

We enter into license agreements to obtain rights to use music in our service, including with major record companies (Sony Music Entertainment, Universal Music Group, and Warner Music Group), independent record labels, major music publishers (Sony/ATV Music Publishing, Universal Music Publishing Group, and Warner/Chappell Music), and independent music publishers and administrators who collectively hold the rights to a significant number of sound recordings and musical compositions.

Comprehensive and accurate ownership information for the musical compositions embodied in sound recordings is sometimes unavailable, or in some cases, impossible to obtain if withheld by the owners or administrators of such rights. In some cases, we obtain ownership information directly from music publishers, and in other cases we rely on the assistance of third parties to determine ownership information.

If the information provided to us or obtained by such third parties does not comprehensively or accurately identify the ownership of musical compositions, or if we are unable to determine which musical compositions correspond to specific sound recordings, it becomes difficult or impossible to identify the appropriate rights holders to whom to pay royalties. This may make it difficult to comply with the obligations of any agreements with those rights holders or to secure the appropriate licenses with all necessary parties.

Given the high level of content concentration in the music industry, the market power of a few licensors, and the lack of transparent ownership information for compositions, we may be unable to license a large amount of music or the music of certain popular artists, and our business, financial condition, and operating results could be materially harmed.

We are a party to many music license agreements that are complex and impose numerous obligations upon us that may make it difficult to operate our business, and a breach of such agreements could adversely affect our business, operating results, and financial condition.

Our license agreements are complex and impose numerous obligations on us, including obligations to, among other things:

- calculate and make payments based on complex royalty structures, which requires tracking usage of content in our service that may have inaccurate or incomplete metadata necessary for such calculation;
- provide periodic reports on the exploitation of the content in specified formats;
- represent that we will obtain all necessary publishing licenses and consents and pay all associated fees, royalties, and other amounts due for the licensing of musical compositions;
- comply with certain marketing and advertising restrictions;
- grant the licensor the right to audit our compliance with the terms of such agreements; and
- comply with certain security and technical specifications.

Certain of our license agreements also contain minimum guarantees or require that we make minimum guarantee or advance payments, which are not always tied to our number of Subscribers or stream counts for music used in our service. Accordingly, our ability to achieve and sustain profitability and operating leverage in part depends on our ability to increase our revenue through increased sales of Subscriptions on terms that maintain an adequate gross margin. Our license agreements that contain minimum guarantees typically have terms of between one and three years, but our Subscribers may cancel their subscriptions at any time. We rely on estimates to forecast whether such minimum guarantees and advances against royalties could be recouped against our actual content costs incurred over the term of the license agreement. To the extent that our estimates underperform relative to our expectations, and our content costs do not exceed such minimum guarantees and advance payments, our margins may be adversely affected.

Some of our license agreements also include so-called “most-favored nations” provisions, which require that certain terms (including material financial terms) are no less favorable than those provided to any similarly situated licensor. If agreements are amended or new agreements are entered into on more favorable terms, these most-favored nations provisions could cause our payment or other obligations to escalate substantially. Additionally, some of our license agreements require consent to undertake new business initiatives utilizing the licensed content (e.g., alternative distribution models), and without such consent, our ability to undertake new business initiatives may be limited and our competitive position could be impacted.

If we breach any obligations in any of our license agreements, or if we use content in ways that are found to exceed the scope of such agreements, we could be subject to monetary penalties or claims of infringement, and our rights under such agreements could be terminated.

In the past, we have entered into agreements that required us to make substantial payments to licensors to resolve instances of past use at the same time that we enter into go-forward licenses. These agreements may also include most-favored nations provisions. If triggered, these most favored nations provisions could cause our payments or other obligations under those agreements to escalate substantially. If we need to enter into additional similar agreements in the future, it could have a material adverse effect on our business, financial condition, and operating results.

Our business is affected by seasonality.

Our business has historically been influenced by seasonal trends common to traditional retail selling periods, and we generate a disproportionate amount of sales activity related to our Connected Fitness Products during the period from November through February due in large part to seasonal holiday demand, New Year’s resolutions, and cold weather. For example, we generated approximately 64%, 63%, and 63% of our full fiscal year total revenue during the second and third quarters of fiscal 2017, 2018, and 2019, respectively. Accordingly, adverse events that occur during these months could have a disproportionate effect on our operating results for the entire fiscal year. Moreover, as a result of higher sales during the period from November through February, our working capital needs are greater during the second and third quarters of the fiscal year. As a result of quarterly fluctuations caused by these and other factors, comparisons of our operating results

across different fiscal quarters may not be accurate indicators of our future performance. Furthermore, our rapid growth in recent years may obscure the extent to which seasonality trends have affected our business and may continue to affect our business. Accordingly, yearly or quarterly comparisons of our operating results may not be useful and our results in any particular period will not necessarily be indicative of the results to be expected for any future period. Seasonality in our business can also be affected by introductions of new or enhanced products and services, including the costs associated with such introductions.

Our passion and focus on delivering a high-quality and engaging Peloton experience may not maximize short-term financial results, which may yield results that conflict with the market's expectations and could result in our stock price being negatively affected.

We are passionate about continually enhancing the Peloton experience with a focus on driving long-term Member engagement through innovation, immersive content, technologically advanced Connected Fitness Products, and community support, which may not necessarily maximize short-term financial results. We frequently make business decisions that may reduce our short-term financial results if we believe that the decisions are consistent with our goals to improve the Peloton experience, which we believe will improve our financial results over the long term. These decisions may not be consistent with the short-term expectations of our stockholders and may not produce the long-term benefits that we expect, in which case our membership growth and Member engagement, and our business, financial condition, and operating results could be harmed.

Our products and services may be affected from time to time by design and manufacturing defects that could adversely affect our business and result in harm to our reputation.

We offer complex hardware and software products and services that can be affected by design and manufacturing defects. Sophisticated operating system software and applications, such as those offered by us, often have issues that can unexpectedly interfere with the intended operation of hardware or software products. Defects may also exist in components and products that we source from third parties. Any such defects could make our products and services unsafe, create a risk of environmental or property damage and personal injury, and subject us to the hazards and uncertainties of product liability claims and related litigation. In addition, from time to time we may experience outages, service slowdowns, or errors that affect our fitness and wellness programming. As a result, our services may not perform as anticipated and may not meet customer expectations. There can be no assurance that we will be able to detect and fix all issues and defects in the hardware, software, and services we offer. Failure to do so could result in widespread technical and performance issues affecting our products and services and could lead to claims against us. We maintain general liability insurance; however, design and manufacturing defects, and claims related thereto, may subject us to judgments or settlements that result in damages materially in excess of the limits of our insurance coverage. In addition, we may be exposed to recalls, product replacements or modifications, write-offs of inventory, property, plant and equipment, or intangible assets, and significant warranty and other expenses such as litigation costs and regulatory fines. If we cannot successfully defend any large claim, maintain our general liability insurance on acceptable terms, or maintain adequate coverage against potential claims, our financial results could be adversely impacted. Further, quality problems could adversely affect the experience for users of our products and services, and result in harm to our reputation, loss of competitive advantage, poor market acceptance, reduced demand for our products and services, delay in new product and service introductions, and lost revenue.

If we fail to offer high-quality Member support, our business and reputation will suffer.

Once our Connected Fitness Products are purchased, our Members rely on our high-touch delivery and set up service to deliver and install their equipment in a professional and efficient manner. Our Members also rely on our support services to resolve any issues related to the use of our Connected Fitness Products and content. Providing a high-quality Member experience is vital to our success in generating word-of-mouth referrals to drive sales and for retaining existing Members. The importance of high-quality support will increase as we expand our business and introduce new products and services. If we do not help our Members quickly resolve issues and provide effective ongoing support, our reputation may suffer and our ability to retain and attract Members, or to sell additional products and services to existing Members, could be harmed.

Our quarterly operating results and other operating metrics may fluctuate from quarter to quarter, which makes these metrics difficult to predict.

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

- the continued market acceptance of, and the growth of the connected fitness and wellness market;
- our ability to maintain and attract new Subscribers;
- our development and improvement of the quality of the Peloton experience, including, enhancing existing and creating new Connected Fitness Products, services, technology, features, and content;
- the continued development and upgrading of our proprietary technology platform;
- the timing and success of new product, service, feature, and content introductions by us or our competitors or any other change in the competitive landscape of our market;
- pricing pressure as a result of competition or otherwise;
- delays or disruptions in our supply chain;
- errors in our forecasting of the demand for our products and services, which could lead to lower revenue or increased costs, or both;
- increases in marketing, sales, and other operating expenses that we may incur to grow and expand our operations and to remain competitive;
- the ability to maintain and open new showrooms;
- the continued maintenance and expansion of last mile delivery and maintenance services for our Connected Fitness Products;
- successful expansion into international markets, including Canada, the United Kingdom, and Germany;
- seasonal fluctuations in subscriptions and usage of Connected Fitness Products by our Members, each of which may change as our products and services evolve or as our business grows;
- the diversification and growth of our revenue sources;
- our ability to maintain gross margins and operating margins;
- constraints on the availability of consumer financing or increased down payment requirements to finance purchases of our Connected Fitness Products;
- system failures or breaches of security or privacy;
- adverse litigation judgments, settlements, or other litigation-related costs, including content costs for past use;
- changes in the legislative or regulatory environment, including with respect to privacy, consumer product safety, and advertising, or enforcement by government regulators, including fines, orders, or consent decrees;
- fluctuations in currency exchange rates and changes in the proportion of our revenue and expenses denominated in foreign currencies;
- changes in our effective tax rate;
- changes in accounting standards, policies, guidance, interpretations, or principles; and
- changes in business or macroeconomic conditions, including lower consumer confidence, recessionary conditions, increased unemployment rates, or stagnant or declining wages.

Any one of the factors above or the cumulative effect of some of the factors above may result in significant fluctuations in our operating results.

The variability and unpredictability of our quarterly operating results or other operating metrics could result in our failure to meet our expectations or those of analysts that cover us or investors with respect to revenue or other operating results for a particular period. If we fail to meet or exceed such expectations, the market price of our Class A common stock could fall substantially, and we could face costly lawsuits, including securities class action suits.

We rely on access to our production studios and the creativity of our fitness instructors to generate our class content. If we are unable to access or use our studios or if we are unable to attract and retain high-quality fitness instructors, we may not be able to generate interesting and attractive content for our classes.

All of the fitness and wellness content offered on our platform is produced in one of our four production studios, three of which are located in New York City. Due to our reliance on a limited number of studios in a concentrated location, any incident involving our studios, or affecting New York City at-large, could render our studios inaccessible or unusable and could inhibit our ability to produce and deliver new fitness and wellness content for our Members. Production of the fitness and wellness content on our platform is further reliant on the creativity of our fitness instructors who, with the support of our production team, plan and lead our classes. Our standard employment contract with our fitness instructors has a fixed, multi-year term, however, our instructors may leave Peloton prior to the end of their contracts. If we are unable to attract or retain creative and experienced instructors, we may not be able to generate content on a scale or of a quality sufficient to grow our business. If we fail to produce and provide our Members with interesting and attractive content led by instructors who they can relate to, then our business, financial condition, and operating results may be adversely affected.

We plan to expand into international markets, which will expose us to significant risks.

We are currently expanding our operations to other countries, which requires significant resources and management attention and subjects us to regulatory, economic, and political risks in addition to those we already face in the United States. There are significant risks and costs inherent in doing business in international markets, including:

- difficulty establishing and managing international operations and the increased operations, travel, infrastructure, including establishment of local delivery service and customer service operations, and legal compliance costs associated with locations in different countries or regions;
- the need to vary pricing and margins to effectively compete in international markets;
- the need to adapt and localize products for specific countries, including obtaining rights to third-party intellectual property, including music, used in each country;
- increased competition from local providers of similar products and services;
- the ability to protect and enforce intellectual property rights abroad;
- the need to offer content and customer support in various languages;
- difficulties in understanding and complying with local laws, regulations, and customs in other jurisdictions;
- compliance with anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act, or FCPA, and the U.K. Bribery Act 2010, or U.K. Bribery Act, by us, our employees, and our business partners;
- complexity and other risks associated with current and future legal requirements in other countries, including legal requirements related to consumer protection, consumer product safety, and data privacy frameworks, such as the E.U. General Data Protection Regulation;
- varying levels of internet technology adoption and infrastructure, and increased or varying network and hosting service provider costs;
- tariffs and other non-tariff barriers, such as quotas and local content rules, as well as tax consequences;
- fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars; and
- political or social unrest or economic instability in a specific country or region in which we operate, including, for example, the effects of “Brexit,” which could have an adverse impact on our operations in that location.

We have limited experience with international regulatory environments and market practices and may not be able to penetrate or successfully operate in the markets we choose to enter. In addition, we may incur significant expenses as a result of our international expansion, and we may not be successful. We may face limited brand recognition in certain parts of the world that could lead to non-acceptance or delayed acceptance of our products and services by consumers in new markets. We may also face challenges to acceptance of our fitness and wellness content in new markets. Our failure to successfully manage these risks could harm our international operations and have an adverse effect on our business, financial condition, and operating results.

Increases in component costs, long lead times, supply shortages, and supply changes could disrupt our supply chain and have an adverse effect on our business, financial condition, and operating results.

Meeting customer demand partially depends on our ability to obtain timely and adequate delivery of components for our Connected Fitness Products. All of the components that go into the manufacturing of our Connected Fitness Products are sourced from a limited number of third-party suppliers, and some of these components are provided by a single supplier. Our manufacturers generally purchase these components on our behalf, subject to certain approved supplier lists, and we do not have long-term arrangements with most of our component suppliers. We are therefore subject to the risk of shortages and long lead times in the supply of these components and the risk that our suppliers discontinue or modify components used in our Connected Fitness Products. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in design, quantities, and delivery schedules. We may in the future experience component shortages, and the predictability of the availability of these components may be limited. In the event of a component shortage or supply interruption from suppliers of these components, we may not be able to develop alternate sources in a timely manner. Developing alternate sources of supply for these components may be time-consuming, difficult, and costly and we may not be able to source these components on terms that are acceptable to us, or at all, which may undermine our ability to fill our orders in a timely manner. Any interruption or delay in the supply of any of these parts or components, or the inability to obtain these parts or components from alternate sources at acceptable prices and within a reasonable amount of time, would harm our ability to meet our scheduled Connected Fitness Product deliveries to our customers.

Moreover, volatile economic conditions may make it more likely that our suppliers may be unable to timely deliver supplies, or at all, and there is no guarantee that we will be able to timely locate alternative suppliers of comparable quality at an acceptable price. Further, since the beginning of 2018, there has been increasing rhetoric, in some cases coupled with legislative or executive action, from several U.S. and foreign leaders regarding tariffs against foreign imports of certain materials. Several of the components that go into the manufacturing of our Connected Fitness Products are sourced internationally, including from China, where the United States has imposed tariffs on specified products imported therefrom following the U.S. Trade Representative Section 301 Investigation. These tariffs have an impact on our component costs and have the potential to have an even greater impact depending on the outcome of the current trade negotiations, which have been protracted and recently resulted in increases in U.S. tariff rates on specified products from China. Increases in our component costs could have a material effect on our gross margins. The loss of a significant supplier, an increase in component costs, or delays or disruptions in the delivery of components, could adversely impact our ability to generate future revenue and earnings and have an adverse effect on our business, financial condition, and operating results.

Any major disruption or failure of our information technology systems or websites, or our failure to successfully implement upgrades and new technology effectively, could adversely affect our business and operations.

Certain of our information technology systems are designed and maintained by us and are critical for the efficient functioning of our business, including the manufacture and distribution of our Connected Fitness Products, online sales of our Connected Fitness Products, and the ability of our Members to access content on our platform. Our rapid growth has, in certain instances, strained these systems. As we grow, we continue to implement modifications and upgrades to our systems, and these activities subject us to inherent costs and risks associated with replacing and upgrading these systems, including, but not limited to, impairment of our ability to fulfill customer orders and other disruptions in our business operations. Further, our system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. If we fail to successfully implement modifications and upgrades or expand the functionality of our information technology systems, we could experience increased costs associated with diminished productivity and operating inefficiencies related to the flow of goods through our supply chain.

In addition, any unexpected technological interruptions to our systems or websites would disrupt our operations, including our ability to timely ship and track product orders, project inventory requirements, manage our supply chain, sell our Connected Fitness Products online, provide services to our Members, and otherwise adequately serve our Members.

Online sales of our Connected Fitness Products through www.onepeloton.com represented over 50% of our units sold in the U.S. for fiscal 2019. The operation of our direct to consumer e-commerce business through our website depends on our ability to maintain the efficient and uninterrupted operation of online order-taking and fulfillment operations. Any system interruptions or delays could prevent potential customers from purchasing our Connected Fitness Products.

Moreover, the ability of our Members to access the content on our platform could be diminished by a number of factors, including Members' inability to access the internet, the failure of our network or software systems, security breaches, or variability in Member traffic for our platform. Platform failures would be most impactful if they occurred during peak platform use periods, which generally occur before and after standard work hours. During these peak periods, there are a significant number of Members concurrently accessing our platform and if we are unable to provide uninterrupted access, our Members' perception of our platform's reliability may be damaged, our revenue could be reduced, our reputation could be harmed, and we may be required to issue credits or refunds, or risk losing Members.

In the event we experience significant disruptions, we may be unable to repair our systems in an efficient and timely manner which could have a material adverse effect on our business, financial condition, and operating results.

Our operating results could be adversely affected if we are unable to accurately forecast consumer demand for our products and services and adequately manage our inventory.

To ensure adequate inventory supply, we must forecast inventory needs and expenses and place orders sufficiently in advance with our suppliers and manufacturers, based on our estimates of future demand for particular products and services. Failure to accurately forecast our needs may result in manufacturing delays or increased costs. Our ability to accurately forecast demand could be affected by many factors, including changes in consumer demand for our products and services, changes in demand for the products and services of our competitors, unanticipated changes in general market conditions, and the weakening of economic conditions or consumer confidence in future economic conditions. This risk may be exacerbated by the fact that we may not carry a significant amount of inventory and may not be able to satisfy short-term demand increases. If we fail to accurately forecast consumer demand, we may experience excess inventory levels or a shortage of products available for sale.

Inventory levels in excess of consumer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would cause our gross margins to suffer and could impair the strength and premium nature of our brand. Further, lower than forecasted demand could also result in excess manufacturing capacity or reduced manufacturing efficiencies, which could result in lower margins. Conversely, if we underestimate consumer demand, our suppliers and manufacturers may not be able to deliver products to meet our requirements or we may be subject to higher costs in order to secure the necessary production capacity. An inability to meet consumer demand and delays in the delivery of our products to our customers could result in reputational harm and damaged customer relationships and have an adverse effect on our business, financial condition, and operating results.

If we are unable to sustain pricing levels for our Connected Fitness Products and subscriptions, our business could be adversely affected.

If we are unable to sustain pricing levels for our Bike, Tread, and subscription services, whether due to competitive pressure or otherwise, our gross margins could be significantly reduced. Further, our decisions around the development of new products and services are grounded in assumptions about eventual pricing levels. If there is price compression in the market after these decisions are made, it could have a negative effect on our business.

Our revenue could decline due to changes in credit markets and decisions made by credit providers.

Historically, a majority of our customers have financed their purchase of our Connected Fitness Products through third-party credit providers with whom we have existing relationships. If we are unable to maintain our relationships with our financing partners, there is no guarantee that we will be able to find replacement partners who will provide our customers with financing on similar terms, and our ability to sell our Connected Fitness Products may be adversely affected. Further, reductions in consumer lending and the availability of consumer credit could limit the number of customers with the financial means to purchase our products. Higher interest rates could increase our costs or the monthly payments for consumer products financed through other sources of consumer financing. In the future, we cannot be assured that third-party financing providers will continue to provide consumers with access to credit or that available credit limits will not be reduced. Such restrictions or reductions in the availability of consumer credit, or the loss of our relationship with our current financing partners, could have an adverse effect on our business, financial conditions, and operating results.

Our future success depends on the continuing efforts of our key employees and our ability to attract and retain highly skilled personnel and senior management.

Our future success depends, in part, on our ability to continue to identify, attract, develop, integrate, and retain qualified and highly skilled personnel, including senior management, engineers, producers, designers, product managers, logistics and supply chain personnel, retail managers, and fitness instructors. In particular, we are highly dependent on the services of John Foley, our Chief Executive Officer and co-founder, who is critical to the development of our business, future vision, and strategic direction. We also heavily rely on the continued service and performance of our senior management team, which provides leadership, contributes to the core areas of our business and helps us to efficiently execute our business. Also imperative to our success are our fitness instructors, who we rely on to bring new, exciting, and innovative fitness and wellness content to our platform, and who act as brand ambassadors. If the senior management team, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis then our business and future growth prospects could be harmed.

Additionally, the loss of any key personnel could make it more difficult to manage our operations and research and development activities, reduce our employee retention and revenue, and impair our ability to compete. Although we have entered into employment offer letters with our key personnel, these agreements have no specific duration and constitute at-will employment. We do not maintain key person life insurance policies on any of our employees.

Competition for highly skilled personnel is often intense, especially in New York City, where we have a substantial presence and need for highly skilled personnel. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our Class A common stock declines, it may adversely affect our ability to hire or retain highly skilled employees. In addition, we may periodically change our equity compensation practices, which may include reducing the number of employees eligible for equity awards or reducing the size of equity awards granted per employee. If we are unable to attract, integrate, or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business and future growth prospects could be harmed.

If we cannot maintain our "One Peloton" culture as we grow, we could lose the innovation, teamwork, and passion that we believe contribute to our success and our business may be harmed.

We believe that a critical component of our success has been our corporate culture. We have invested substantial time and resources in building our "One Peloton" culture, which is based on the idea that if we work together, we will be more efficient and perform better because of one another. As we continue to grow, including geographically expanding our presence outside of our headquarters in New York City, and developing the infrastructure associated with being a public company, we will need to maintain our "One Peloton" culture among a larger number of employees, dispersed across various geographic regions. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives.

We have a limited operating history with which to evaluate and predict the profitability of our subscription model. Additionally, we may introduce new revenue models in the future.

The majority of our Subscribers are on month-to-month subscription terms and may cancel their subscriptions at any time. We have limited historical data with respect to rates of Subscriber subscription renewals, so we may be unable to accurately predict customer renewal rates. Additionally, prior renewal rates may not accurately predict future Subscriber renewal rates for a variety of reasons, such as Subscribers' dissatisfaction with our offerings and the cost of our subscriptions, macroeconomic conditions, or new offering introductions by us or our competitors. If our Subscribers do not renew their subscriptions, our revenue may decline and our business will suffer.

Furthermore, in the future, we may offer new subscription products, implement promotions, or replace or modify current subscription models, any of which could result in additional costs. It is unknown how our Subscribers will react to new models and whether the costs or logistics of implementing these models will adversely impact our business. If the adoption of new revenue models adversely impacts our Subscriber relationships, then Subscriber growth, Subscriber engagement, and our business, financial condition, and operating results could be harmed.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services, and brand.

Our success depends in large part on our proprietary technology and our patents, trade secrets, trademarks, and other intellectual property rights. We rely on, and expect to continue to rely on, a combination of trademark, trade dress, domain name, copyright, trade secret and patent laws, as well as confidentiality and license agreements with our employees, contractors, consultants, and third parties with whom we have relationships, to establish and protect our brand and other intellectual property rights. However, our efforts to protect our intellectual property rights may not be sufficient or effective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. There can be no assurance that our intellectual property rights will be sufficient to protect against others offering products, services, or technologies that are substantially similar to ours and that compete with our business.

Effective protection of patents, trademarks, and domain names is expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights. As we have grown, we have sought to obtain and protect our intellectual property rights in an increasing number of countries, a process that can be expensive and may not always be successful. For example, the U.S. Patent and Trademark Office and various foreign governmental patent agencies require compliance with a number of procedural requirements to complete the patent application process and to maintain issued patents, and noncompliance or non-payment could result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in a relevant jurisdiction. Further, intellectual property protection may not be available to us in every country in which our products and services are available. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit.

In order to protect our brand and intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Our failure to secure, protect, and enforce our intellectual property rights could seriously damage our brand and our business.

We have been, and in the future may be, sued by third parties for alleged infringement of their proprietary rights.

There is considerable patent and other intellectual property development activity in our market, and litigation, based on allegations of infringement or other violations of intellectual property, is frequent in the fitness and technology industries. Furthermore, it is common for individuals and groups to purchase patents and other intellectual property assets for the purpose of making claims of infringement to extract settlements from companies like ours. Our use of third-party content, including music content, software, and other intellectual property rights may be subject to claims of infringement or misappropriation. We cannot guarantee that our internally developed or acquired technologies and content do not or will not infringe the intellectual property rights of others. From time to time, our competitors or other third parties may claim that we are infringing upon or misappropriating their intellectual property rights, and we may be found to be infringing upon such rights. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our platform or services or using certain technologies, force us to implement expensive work-arounds, or impose other unfavorable terms. We expect that the occurrence of infringement claims is likely to grow as the market for fitness products and services grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Further, during the course of any litigation, we may make announcements regarding the results of hearings and motions, and other interim developments. If securities analysts and investors regard these announcements as negative, the market price of our Class A common stock may decline. Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require significant expenditures. Any of the foregoing could prevent us from competing effectively and could have an adverse effect on our business, financial condition, and operating results.

We rely heavily on third parties for most of our computing, storage, processing, and similar services. Any disruption of or interference with our use of these third-party services could have an adverse effect on our business, financial condition, and operating results.

We have outsourced our cloud infrastructure to third-party providers, and we currently use these providers to host and stream our services and content. We are therefore vulnerable to service interruptions experienced by these providers and we expect to experience interruptions, delays, or outages in service availability in the future due to a variety of factors, including infrastructure changes, human, hardware or software errors, hosting disruptions, and capacity constraints. Outages and capacity constraints could arise from a number of causes such as technical failures, natural disasters, fraud, or security attacks. The level of service provided by these providers, or regular or prolonged interruptions in that service, could also affect the use of, and our Members' satisfaction with, our products and services and could harm our business and reputation. In addition, hosting costs will increase as membership engagement grows, which could harm our business if we are unable to grow our revenue faster than the cost of using these services or the services of similar providers.

Furthermore, our providers have broad discretion to change and interpret the terms of service and other policies with respect to us, and those actions may be unfavorable to our business operations. Our providers may also take actions beyond our control that could seriously harm our business, including discontinuing or limiting our access to one or more services, increasing pricing terms, terminating or seeking to terminate our contractual relationship altogether, or altering how we are able to process data in a way that is unfavorable or costly to us. Although we expect that we could obtain similar services from other third parties, if our arrangements with our current providers were terminated, we could experience interruptions on our platform and in our ability to make our content available to Members, as well as delays and additional expenses in arranging for alternative cloud infrastructure services.

Any of these factors could further reduce our revenue, subject us to liability, and cause our Subscribers to decline to renew their subscriptions, any of which could have an adverse effect on our business, financial condition, and operating results.

In addition, customers of certain of our providers have been subject to litigation by third parties claiming that the service and basic HTTP functions infringe their patents. If we become subject to such claims, although we expect our provider to indemnify us with respect to at least a portion of such claims, the litigation may be time consuming, divert management's attention, and, if our provider failed to indemnify us, adversely impact our operating results.

We face risks, such as unforeseen costs and potential liability in connection with content we produce, license, and distribute through our platform.

As a producer and distributor of content, we face potential liability for negligence, copyright, and trademark infringement, or other claims based on the nature and content of materials that we produce, license, and distribute. We also may face potential liability for content used in promoting our service, including marketing materials. We may decide to remove content from our service, not to place certain content on our service, or to discontinue or alter our production of certain types of content if we believe such content might not be well received by our Members or could be damaging to our brand and business.

To the extent we do not accurately anticipate costs or mitigate risks, including for content that we obtain but ultimately does not appear on or is removed from our service, or if we become liable for content we produce, license or distribute, our business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability could harm our results of operations. We may not be indemnified against claims or costs of these types and we may not have insurance coverage for these types of claims.

Some of our products and services contain open source software, which may pose particular risks to our proprietary software, technologies, products, and services in a manner that could harm our business.

We use open source software in our products and services and anticipate using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open source code on unfavorable terms or at no cost. The terms of many open source licenses to which we are subject

have not been interpreted by U.S or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require us to expend significant additional research and development resources, and we cannot guarantee that we will be successful.

Additionally, the use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open source software, and we cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have processes to help alleviate these risks, including a review process for screening requests from our developers for the use of open source software, but we cannot be sure that all open source software is identified or submitted for approval prior to use in our products and services. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have an adverse effect on our business, financial condition, and operating results.

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

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

We collect, store, process, and use personal information and other Member data, which subjects us to legal obligations and laws and regulations related to security and privacy, and any actual or perceived failure to meet those obligations could harm our business.

We collect, process, store, and use a wide variety of data from current and prospective Members, including personal information, such as home addresses and geolocation. Federal, state, and international laws and regulations governing privacy, data protection, and e-commerce transactions require us to safeguard our Members' personal information. Although we have established security procedures to protect Member information, our or our third-party service providers' security and testing measures may not prevent security breaches. Further, advances in computer capabilities, new discoveries in the field of cryptography, inadequate facility security, or other developments may result in a compromise or breach of the technology we use to protect Member data. Any compromise of our security or breach of our Members' privacy could harm our reputation or financial condition and, therefore, our business.

In addition, a party who circumvents our security measures or exploits inadequacies in our security measures, could, among other effects, misappropriate Member data or other proprietary information, cause interruptions in our operations, or expose Members to computer viruses or other disruptions. Actual or perceived vulnerabilities may lead to claims against

us. To the extent that the measures we or our third-party business partners have taken prove to be insufficient or inadequate, we may become subject to litigation, breach notification obligations, or regulatory or administrative sanctions, which could result in significant fines, penalties, or damages and harm to our reputation. Depending on the nature of the information compromised, in the event of a data breach or other unauthorized access to our Member data, we may also have obligations to notify Members about the incident and we may need to provide some form of remedy, such as a subscription to a credit monitoring service, for the individuals affected by the incident. A growing number of legislative and regulatory bodies have adopted consumer notification requirements in the event of unauthorized access to or acquisition of certain types of personal data. Such breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another. Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any incident that compromises Member data.

Furthermore, we may be required to disclose personal data pursuant to demands from individuals, privacy advocates, regulators, government agencies, and law enforcement agencies in various jurisdictions with conflicting privacy and security laws. This disclosure or refusal to disclose personal data may result in a breach of privacy and data protection policies, notices, laws, rules, court orders, and regulations and could result in proceedings or actions against us in the same or other jurisdictions, damage to our reputation and brand, and inability to provide our products and services to consumers in certain jurisdictions. Additionally, changes in the laws and regulations that govern our collection, use, and disclosure of Member data could impose additional requirements with respect to the retention and security of Member data, could limit our marketing activities, and have an adverse effect on our business, financial condition, and operating results.

Cybersecurity risks could adversely affect our business and disrupt our operations.

Threats to network and data security are increasingly diverse and sophisticated. Despite our efforts and processes to prevent breaches, our products and services, as well as our servers, computer systems, and those of third parties that we use in our operations are vulnerable to cybersecurity risks, including cyber-attacks such as viruses and worms, phishing attacks, denial-of-service attacks, physical or electronic break-ins, third-party or employee theft or misuse, and similar disruptions from unauthorized tampering with our servers and computer systems or those of third parties that we use in our operations, which could lead to interruptions, delays, loss of critical data, unauthorized access to Member data, and loss of consumer confidence. In addition, we may be the target of email scams that attempt to acquire personal information or company assets. Despite our efforts to create security barriers to such threats, we may not be able to entirely mitigate these risks. Any cyber-attack that attempts to obtain our or our Members' data and assets, disrupt our service, or otherwise access our systems, or those of third parties we use, if successful, could adversely affect our business, and financial condition and operating results, be expensive to remedy, and damage our reputation. In addition, any such breaches may result in negative publicity, and adversely affect our brand, impacting demand for our products and services, and could have an adverse effect on our business, financial condition, and operating results.

We may be subject to warranty claims that could result in significant direct or indirect costs, or we could experience greater returns than expected, either of which could have an adverse effect on our business, financial condition, and operating results.

We generally provide a minimum 12-month limited warranty on all of our Connected Fitness Products. The occurrence of any material defects in our Connected Fitness Products could make us liable for damages and warranty claims in excess of our current reserves, which could result in an adverse effect on our business prospects, liquidity, financial condition, and cash flows if warranty claims were to materially exceed anticipated levels. In addition, we could incur significant costs to correct any defects, warranty claims, or other problems, including costs related to product recalls. Any negative publicity related to the perceived quality and safety of our products could affect our brand image, decrease consumer and Member confidence and demand, and adversely affect our financial condition and operating results. Also, while our warranty is limited to repairs and returns, warranty claims may result in litigation, the occurrence of which could have an adverse effect on our business, financial condition, and operating results.

In addition to warranties supplied by us, we also offer the option for customers to purchase third-party extended warranty and services contracts in some markets, which creates an ongoing performance obligation over the warranty period. Extended warranties are regulated in the United States on a state level and are treated differently by state. Outside the United States, regulations for extended warranties vary from country to country. Changes in interpretation of the insurance

regulations or other laws and regulations concerning extended warranties on a federal, state, local, or international level may cause us to incur costs or have additional regulatory requirements to meet in the future. Our failure to comply with past, present, and future similar laws could result in reduced sales of our products, reputational damage, penalties, and other sanctions, which could have an adverse effect on our business, financial condition, and operating results.

We or our Subscribers may be subject to sales and other taxes, and we may be subject to liabilities on past sales for taxes, surcharges, and fees.

The application of indirect taxes, such as sales and use tax, subscription sales tax, value-added tax, provincial taxes, goods and services tax, business tax, and gross receipt tax, to businesses like ours and to our Subscribers is a complex and evolving issue. Significant judgment is required to evaluate applicable tax obligations. In many cases, the ultimate tax determination is uncertain because it is not clear how existing statutes apply to our business. One or more states, the federal government, or other countries may seek to impose additional reporting, record-keeping, or indirect tax collection obligations on businesses like ours that offer subscription services and other fitness offerings. New taxes could also require us to incur substantial costs to capture data and collect and remit taxes. If such obligations were imposed, the additional costs associated with tax collection, remittance, and audit requirements could have an adverse effect on our business, financial condition, and operating results.

We continue to analyze our exposure for taxes and liabilities and have accrued $5.7 million and $4.1 million for fiscal 2018 and 2019, respectively, for loss contingencies resulting from potential taxes and liabilities.

From time to time, we may be subject to legal proceedings, regulatory disputes, and governmental inquiries that could cause us to incur significant expenses, divert our management's attention, and materially harm our business, financial condition, and operating results.

From time to time, we may be subject to claims, lawsuits, government investigations, and other proceedings involving products liability, competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. As we have grown, we have seen a rise in the number and significance of these disputes and inquiries. Litigation and regulatory proceedings, and particularly the intellectual property infringement matters that we are currently facing or could face, may be protracted and expensive, and the results are difficult to predict. Certain of these matters include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive relief. Additionally, our litigation costs could be significant. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties and fines, or require us to modify our products or services, make content unavailable, or require us to stop offering certain features, all of which could negatively affect our membership and revenue growth. See the section titled "Business—Legal Proceedings"

The results of litigation, investigations, claims, and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, financial condition, and operating results.

Changes in how we market our products and services could adversely affect our marketing expenses and subscription levels.

We use a broad mix of marketing and other brand-building measures to attract Members. We use traditional television and online advertising, as well as third-party social media platforms such as Facebook, Twitter, and Instagram, as marketing tools. As television advertising, online, and social media platforms continue to rapidly evolve or grow more competitive, we must continue to maintain a presence on these platforms and establish a presence on new or emerging popular social media and advertising and marketing platforms. If we cannot cost effectively use these marketing tools or if we fail to promote our products and services efficiently and effectively, our ability to acquire new Members and our financial condition may suffer. In addition, an increase in the use of television, online, and social media for product promotion and marketing may increase the burden on us to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations.

An economic downturn or economic uncertainty may adversely affect consumer discretionary spending and demand for our products and services.

Our products and services may be considered discretionary items for consumers. Factors affecting the level of consumer spending for such discretionary items include general economic conditions, and other factors, such as consumer confidence in future economic conditions, fears of recession, the availability and cost of consumer credit, levels of unemployment, and tax rates. In recent years, the United States and other significant economic markets have experienced cyclical downturns and worldwide economic conditions remain uncertain. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions. To date, our business has operated almost exclusively in a relatively strong economic environment and, therefore, we cannot be sure the extent to which we may be affected by recessionary conditions. Unfavorable economic conditions may lead consumers to delay or reduce purchases of our products and services and consumer demand for our products and services may not grow as we expect. Our sensitivity to economic cycles and any related fluctuation in consumer demand for our products and services could have an adverse effect on our business, financial condition, and operating results.

Covenants in the loan and security agreement governing our revolving credit facility may restrict our operations, and if we do not effectively manage our business to comply with these covenants, our financial condition could be adversely impacted.

We entered into an amended and restated loan and security agreement, the Credit Agreement, with JPMorgan Chase Bank, N.A., Bank of America, N.A., Barclays Bank PLC, Goldman Sachs Lending Partners LLC, and Silicon Valley Bank in June 2019, which amended and restated the loan and security agreement that we previously entered into in November 2017, providing for a $250 million secured revolving line of credit. The term loan and revolving credit facility contains various restrictive covenants, including, among other things, minimum liquidity and revenue requirements, restrictions on our ability to dispose of assets, make acquisitions or investments, incur debt or liens, make distributions to our stockholders, or enter into certain types of related party transactions. These restrictions may restrict our current and future operations, particularly our ability to respond to certain changes in our business or industry, or take future actions. Pursuant to the agreement, we granted the parties thereto a security interest in substantially all of our assets. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Agreement” for additional information.

Our ability to meet these restrictive covenants can be impacted by events beyond our control and we may be unable to do so. Our loan and security agreement provide that our breach or failure to satisfy certain covenants constitutes an event of default. Upon the occurrence of an event of default, our lenders could elect to declare all amounts outstanding under its debt agreements to be immediately due and payable. In addition, our lenders would have the right to proceed against the assets we provided as collateral pursuant to the loan and security agreement. If the debt under our loan and security agreement was to be accelerated, we may not have sufficient cash on hand or be able to sell sufficient collateral to repay it, which would have an immediate adverse effect on our business and operating results. This could potentially cause us to cease operations and result in a complete loss of your investment in our Class A common stock.

We may engage in merger and acquisition activities, which could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our operating results.

As part of our business strategy, we acquired our first company in 2018 and have made or may make investments in other companies, products, or technologies in the future. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all, in the future. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by Members or investors. Moreover, an acquisition, investment, or business relationship may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition, and operating results. Moreover, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment, or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our company.

To pay for any such acquisitions, we would have to use cash, incur debt, or issue equity securities, each of which may affect our financial condition or the value of our capital stock and could result in dilution to our stockholders. If we incur more debt

it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to manage our operations. Additionally, we may receive indications of interest from other parties interested in acquiring some or all of our business. The time required to evaluate such indications of interest could require significant attention from management, disrupt the ordinary functioning of our business, and could have an adverse effect on our business, financial condition, and operating results.

We may require additional capital to support business growth and objectives, and this capital might not be available to us on reasonable terms, if at all, and may result in stockholder dilution.

We expect that our existing cash and cash equivalents, together with our net proceeds from this offering, will be sufficient to meet our anticipated cash needs for the foreseeable future. However, we intend to continue to make investments to support our business growth and may require additional capital to fund our business and to respond to competitive challenges, including the need to promote our products and services, develop new products and services, enhance our existing products, services, and operating infrastructure, and potentially to acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such additional funding will be available on terms attractive to us, or at all. Our inability to obtain additional funding when needed could have an adverse effect on our business, financial condition, and operating results. If additional funds are raised through the issuance of equity or convertible debt securities, holders of our Class A common stock could suffer significant dilution, and any new shares we issue could have rights, preferences, and privileges superior to those of our Class A common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

We are subject to payment processing risk.

Our customers pay for our products and services using a variety of different payment methods, including credit and debit cards, gift cards, and online wallets. We rely on internal systems as well as those of third parties to process payment. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are disruptions in our payment processing systems, increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, or changes to rules or regulations concerning payment processing, our revenue, operating expenses and results of operation could be adversely impacted. We leverage our third-party payment processors to bill Subscribers on our behalf. If these third parties become unwilling or unable to continue processing payments on our behalf, we would have to find alternative methods of collecting payments, which could adversely impact Subscriber acquisition and retention. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operation and if not adequately controlled and managed could create negative consumer perceptions of our service.

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

As of June 30, 2019, we had U.S. federal net operating loss carryforwards, or NOLs, and state NOLs of approximately $112.6 million and $95.8 million, respectively, due to prior period losses which if not utilized will begin to expire for federal and state tax purposes beginning in 2036 and 2021, respectively. Realization of these NOLs depends on future income, and there is a risk that our existing NOLs could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our operating results.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its NOLs to offset future taxable income. We have undergone two ownership changes on November 30, 2015 and April 18, 2017 and our NOLs arising before those dates are subject to one or more Section 382 limitations which may materially limit the use of such NOLs to offset our future taxable income. In addition, this offering, as well as future changes in our stock ownership, the causes of which may be outside of our control, could result in an additional ownership change under Section 382 of the Code. Our NOLs may also be impaired under state laws. In addition, under the 2017 Tax Cuts and Jobs Act, or the Tax Act, tax losses generated in taxable years beginning after December 31, 2017 may be utilized to offset no more than 80% of taxable income annually. This change

may require us to pay federal income taxes in future years despite generating a loss for federal income tax purposes. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

We may face exposure to foreign currency exchange rate fluctuations.

While we have historically transacted in U.S. dollars with the majority of our Subscribers and suppliers, we have transacted in some foreign currencies, such as the Canadian Dollar and U.K Pound Sterling, and may transact in more foreign currencies in the future. Further, certain of our manufacturing agreements provide for fixed costs of our Connected Fitness Products and hardware in Taiwanese dollars but provide for payment in U.S. dollars based on the then-current Taiwanese dollar to U.S. dollar spot rate. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our revenue and operating results. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and operating results. In addition, to the extent that fluctuations in currency exchange rates cause our operating results to differ from our expectations or the expectations of our investors, the trading price of our Class A common stock could be lowered. We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place and may introduce additional risks if we are unable to structure effective hedges with such instruments.

We are subject to governmental export and import controls and economic sanctions laws that could subject us to liability and impair our ability to compete in international markets.

The United States and various foreign governments have imposed controls, export license requirements, and restrictions on the import or export of certain technologies. Our products may be subject to U.S. export controls, which may require submission of a product classification and annual or semi-annual reports. Compliance with applicable regulatory requirements regarding the export of our products and services may create delays in the introduction of our products and services in international markets, prevent our international Members from accessing our products and services, and, in some cases, prevent the export of our products and services to some countries altogether.

Furthermore, U.S. export control laws and economic sanctions prohibit the provision of products and services to countries, governments, and persons targeted by U.S. sanctions. Even though we take precautions to prevent our products from being provided to targets of U.S. sanctions, our products and services, including our firmware updates, could be provided to those targets or provided by our Members. Any such provision could have negative consequences, including government investigations, penalties, reputational harm. Our failure to obtain required import or export approval for our products could harm our international and domestic sales and adversely affect our revenue.

We could be subject to future enforcement action with respect to compliance with governmental export and import controls and economic sanctions laws that result in penalties, costs, and restrictions on export privileges that could have an adverse effect on our business, financial condition, and operating results.

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

We operate a global business and may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the U.K. Bribery Act, and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. These laws that prohibit companies and their employees and third-party intermediaries from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments or anything of value to foreign government officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In addition, U.S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate

system of internal accounting controls. In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. We face significant risks if we or any of our directors, officers, employees, agents or other partners or representatives fail to comply with these laws and governmental authorities in the United States and elsewhere could seek to impose substantial civil and/or criminal fines and penalties which could have a material adverse effect on our business, reputation, operating results and financial condition.

We have begun to implement an anti-corruption compliance program and policies, procedures and training designed to foster compliance with these laws, however, our employees, contractors, and agents, and companies to which we outsource certain of our business operations, may take actions in violation of our policies or applicable law. Any such violation could have an adverse effect on our reputation, business, operating results and prospects.

Any violation of the FCPA, other applicable anti-corruption laws, or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, any of which could have a materially adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

Changes in legislation in U.S. and foreign taxation of international business activities or the adoption of other tax reform policies, as well as the application of such laws, could adversely impact our financial position and operating results.

Recent or future changes to U.S., U.K. and other foreign tax laws could impact the tax treatment of our foreign earnings. We generally conduct our international operations through wholly owned subsidiaries, branches, or representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Further, we are in the process of implementing an international structure that aligns with our financial and operational objectives as evaluated based on our international markets, expansion plans, and operational needs for headcount and physical infrastructure outside the United States. The intercompany relationships between our legal entities are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Although we believe we are compliant with applicable transfer pricing and other tax laws in the United States, the United Kingdom, and other relevant countries, due to changes in such laws and rules, we may have to modify our international structure in the future, which will incur costs, may increase our worldwide effective tax rate, and may adversely affect our financial position and operating results. In addition, significant judgment is required in evaluating our tax positions and determining our provision for income taxes.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. For example, our effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the relevant tax, accounting, and other laws, regulations, principles, and interpretations. As we operate in numerous taxing jurisdictions, the application of tax laws can be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views with respect to, among other things, the manner in which the arm's-length standard is applied for transfer pricing purposes, or with respect to the valuation of intellectual property.

If U.S., U.K., or other foreign tax laws further change, if our current or future structures and arrangements are challenged by a taxing authority, or if we are unable to appropriately adapt the manner in which we operate our business, we may have to undertake further costly modifications to our international structure and our tax liabilities and operating results may be adversely affected.

The requirements of being a public company, including maintaining adequate internal control over our financial and management systems, may strain our resources, divert management's attention, and affect our ability to attract and retain executive management and qualified board members.

As a public company we will incur significant legal, accounting, and other expenses that we did not incur as a private company. We will be subject to reporting requirements of the Securities Exchange Act of 1934, as amended, or the

Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the rules subsequently implemented by the SEC, the rules and regulations of the listing standards of The Nasdaq Stock Market LLC, or Nasdaq, and other applicable securities rules and regulations. Compliance with these rules and regulations will likely strain our financial and management systems, internal controls, and employees.

The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. Moreover, the Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures, and internal control, over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures, and internal control over, financial reporting to meet this standard, significant resources and management oversight may be required. In the course of preparing our financial statements for fiscal 2018, we identified material weaknesses in our internal control over financial reporting. If, in the future, we have material weaknesses or deficiencies in our internal control over financial reporting, we may not detect errors on a timely basis and our consolidated financial statements may be materially misstated. Effective internal control is necessary for us to produce reliable financial reports and is important to prevent fraud.

In addition, we will be required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act when we cease to be an emerging growth company. We expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, operating results, and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, our finance team is small and we may need to hire more employees in the future, or engage outside consultants, which will increase our operating expenses.

We also expect that being a public company and complying with applicable rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantially higher costs to obtain and maintain the same or similar coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors and qualified executive officers.

We have identified material weaknesses in our internal control over financial reporting and if our remediation of such material weaknesses is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

In the course of preparing our financial statements for fiscal 2018, we identified material weaknesses in our internal control over financial reporting. The material weakness had not been remediated as of June 30, 2019. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses identified relate to information technology general controls, controls to address segregation of certain accounting duties, timely reconciliation and analysis of certain key accounts and the review of journal entries. We have concluded that these material weaknesses arose because, as a private company, we did not have the necessary business processes, systems, personnel and related internal controls necessary to satisfy the accounting and financial reporting requirements of a public company.

To address our material weaknesses, we have added personnel as well as implemented new financial systems and processes. We intend to continue to take steps to remediate the material weaknesses described above through hiring additional qualified accounting and financial reporting personnel, and further evolving our accounting processes. We will not be able to fully remediate these material weaknesses until these steps have been completed and have been operating effectively for a sufficient period of time.

Furthermore, we cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or

maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an "emerging growth company" as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that are filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market.

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and stockholders' equity/deficit, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue related reserves, content costs for past use reserve, fair value measurements including common stock valuations, useful lives of property plant and equipment, product warranty, goodwill and finite-lived intangible assets, accounting for income taxes, stock-based compensation expense and commitments and contingencies. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our Class A common stock.

Our reported financial results may be negatively impacted by the changes in GAAP.

GAAP is subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. For example, in February 2016, the FASB issued ASU No. 2016-02, or Topic 842, *Leases*, which requires recognition of lease assets and lease liabilities on the balance sheet by lessees for leases classified as operating leases with a term of more than 12 months. Topic 842 is effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. We early adopted this standard as of July 1, 2019. The most significant change related to the recognition of new right-of-use assets and lease liabilities on our balance sheet for real estate operating leases, as well as the de-recognition of the build-to-suit asset and liability. See Note 2 of the notes to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

The forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, we cannot assure you that our business will grow at a similar rate, if at all.

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The forecasts in this prospectus relating to the expected growth in the connected fitness and wellness market, including estimates based on our own internal survey data, may prove to be inaccurate. Even if the market experiences the forecasted growth described in this prospectus, we may not grow our business at a similar rate, or at all. 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.

Our management team has limited experience managing a public company.

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

Our business is subject to the risk of earthquakes, fire, power outages, floods, and other catastrophic events, and to interruption by manmade problems such as terrorism.

Our business is vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins, and similar events. The third-party systems and operations and manufacturers we rely on are subject to similar risks. For example, a significant natural disaster, such as an earthquake, fire, or flood, could have an adverse effect on our business, financial condition and operating results, and our insurance coverage may be insufficient to compensate us for losses that may occur. Acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could also cause disruptions in our or our suppliers' and manufacturers' businesses or the economy as a whole. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting locations that store significant inventory of our products, that house our servers, or from which we generate content. As we rely heavily on our computer and communications systems, and the internet to conduct our business and provide high-quality customer service, these disruptions could negatively impact our ability to run our business and either directly or indirectly disrupt suppliers' and manufacturers' businesses, which could have an adverse effect on our business, financial condition, and operating results.

Regulations related to conflict minerals may cause us to incur additional expenses and could limit the supply and increase the costs of certain metals used in the manufacturing of our products.

We are subject to requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which will require us to conduct due diligence on and disclose whether or not our products contain conflict minerals. The implementation of these requirements could adversely affect the sourcing, availability, and pricing of the materials used in the manufacture of components used in our products. In addition, we will incur additional costs to comply with the disclosure requirements, including costs related to conducting diligence procedures to determine the sources of minerals that may be used or necessary to the production of our products and, if applicable, potential changes to products, processes, or sources of supply as a consequence of such due diligence activities. It is also possible that we may face reputational harm if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to alter our products, processes, or sources of supply to avoid such materials.

Risks Related to the Ownership of Our Class A Common Stock

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

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

- overall performance of the equity markets and the performance of technology companies in particular;

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

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

Sales, directly or indirectly, of a substantial amount of our Class A common stock in the public markets by our existing security holders may cause the price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock into the public market, particularly sales by our directors, executive officers, and principal stockholders, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline and could impair our ability to raise capital through the sale of additional equity securities. Many of our existing security holders have substantial unrecognized gains on the value of the equity they hold, and may take, or attempt to take, steps to sell, directly or indirectly, their shares or otherwise secure, or limit the risk to, the value of their unrecognized gains on those shares. Based on zero shares of our Class A common stock and 235,942,233 shares of our Class B common stock outstanding as of June 30, 2019, we will have 41,818,181 (47,818,181 shares if the option to purchase additional shares is exercised in full) of our Class A common stock and 235,942,233 shares of our Class B common stock outstanding after this offering and the private placement.

All of the shares of Class A common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act except that any shares held by our affiliates, as defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with Rule 144 and any applicable lock-up agreements described below. Karen Boone and Howard Draft, two of our directors, have expressed an interest in purchasing $500,000 and $2.0 million in shares of our Class A common stock in this offering, respectively, which the underwriters have reserved for sale to Ms. Boone and Mr. Draft at our request (equal to 18,181 shares and 72,727 shares, respectively, based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus). Any shares sold to Ms. Boone and Mr. Draft in this offering would be subject to the restrictions under the applicable securities laws and the lock-up agreement described below. The shares of Class A common stock sold in the private placement to entities affiliated with TCV, an existing stockholder, will also be subject to restrictions under the applicable securities laws and the lock-up agreement described below.

In connection with this offering, subject to certain customary exceptions, we, all of our directors and executive officers, and substantially all of the holders of our common stock, or securities exercisable for or convertible into our common stock outstanding immediately prior to this offering, have entered into market standoff agreements with us or lock-up agreements with the underwriters that prohibit from selling, contracting to sell, granting any option for the sale of, transferring, or otherwise disposing of any shares of common stock, stock options, or any security or instrument related to common stock or stock options without the permission of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters for a period of 180 days from the date of this prospectus, subject to early termination as described below.

We have a large number of security holders and such security holders have acquired their interests over an extended period of time and pursuant to a number of different agreements containing a variety of terms governing restrictions on the sale, short sale, transfer, hedging, pledging, or other disposition of their interests in our equity. Holders of our outstanding shares of Class A common stock and securities convertible into or exercisable or exchangeable for shares of our Class A common stock are subject to restrictions on their ability to sell or transfer their equity either prior to the pricing of this offering or from the pricing of this offering through the date that is 180 days after the date of this prospectus. We refer to such period as the lock-up period. Pursuant to the lock-up agreements with the underwriters, if (1) at least 120 days have elapsed since the date of this prospectus, (2) we have publicly released our earnings results for the quarterly period during which this offering occurred, and (3) such lock-up period is scheduled to end during or within five trading days prior to a broadly applicable period during which trading in our securities would not be permitted under our insider trading policy, or a blackout period, such lock-up period will end ten trading days prior to the commencement of such blackout period. We and the underwriters may release certain stockholders from the market standoff agreements or lock-up agreements prior to the end of the lock-up period. Record holders of our securities are typically the parties to the lock-up agreements with the underwriters and to the market standoff agreements with us referred to above, while holders of beneficial interests in our shares who are not also holders in respect of such shares are not typically subject to any such agreements or other similar restrictions. Accordingly, we believe that holders of beneficial interests who are not holders and are not bound by market standoff or lock-up agreements could enter into transactions with respect to those beneficial interests that negatively impact our stock price. In addition, an equity holder who is neither subject to a market standoff agreement with us nor a lock-up agreement with the underwriters may be able to sell, short sell, transfer, hedge, pledge, or otherwise dispose of or attempt to sell, short sell, transfer, hedge, pledge, or otherwise dispose of, their equity interests at any time after the closing of this offering. Any such transaction described above involving shares of our Class A common stock, or any perception by the market that such transaction may occur, could cause our stock price to decline.

When the applicable lock-up and market standoff periods described above expire, we and our security holders subject to a lock-up agreement or market standoff agreement will be able to sell our shares in the public market. In addition, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, on behalf of the underwriters, may, in their sole discretion, release all or some portion of the shares subject to lock-up agreements prior to the expiration of the lock-up period. Sales of a substantial number of such shares upon expiration of the lock-up and market standoff agreements, or the perception that such sales may occur, or early release of these agreements, could cause our market price to fall or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate.

In addition, as of June 30, 2019, we had stock options outstanding that, if fully exercised, would result in the issuance of 64,602,124 shares of Class B common stock. All of the shares of Class B common stock issuable upon the exercise of stock options, and the shares reserved for future issuance under our equity incentive plans, will be registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance subject to existing lock-up or market standoff agreements and applicable vesting requirements.

Immediately following this offering, the holders of 224,163,522 shares of our common stock, including the shares of our Class A common stock sold in the private placement, will have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders.

We may also issue our shares of common stock or securities convertible into shares of our common stock from time to time in connection with a financing, acquisition, investment, or otherwise. Any further issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

The dual class structure of our common stock will have the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering and the private placement, including our directors, executive officers, and 5% stockholders who will hold in the aggregate 59.9% of the voting power of our capital stock following the completion of this offering and the private placement, which will limit or preclude your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Our Class B common stock has 20 votes per share, and our Class A common stock, which is the stock we are offering in this offering and the private placement, has one vote per share. Following this offering and the private placement, the holders of our outstanding Class B common stock will hold 99.1% of the voting power of our outstanding capital stock, with our directors, executive officers, and holders of more than 5% of our common stock, and their respective affiliates, holding in the aggregate 59.9% of the voting power of our capital stock. Because of the twenty-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval until the earlier of (i) the date specified by a vote of the holders of 66 2/3% of the then outstanding shares of Class B common stock, (ii) ten years from the closing of this offering, and (iii) the date the shares of Class B common stock cease to represent at least 1% of all outstanding shares of our common stock. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. See the section titled “Description of Capital Stock—Anti-Takeover Provisions” for additional information.

The dual class structure of our common stock may adversely affect the trading market for our Class A common stock.

Certain stock index providers, such as S&P Dow Jones, exclude companies with multiple classes of shares of common stock from being added to certain stock indices, including the S&P 500. In addition, several stockholder advisory firms and large institutional investors oppose the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A common stock in such indices, may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure, and may result in large institutional investors not purchasing shares of our Class A common stock. Any exclusion from stock indices could result in a less active trading market for our Class A common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

We are an “emerging growth company” and intend to take advantage of the reduced disclosure requirements applicable to emerging growth companies which may make our Class A common stock less attractive to investors.

We are an “emerging growth company” as defined in the JOBS Act. We will remain an emerging growth company until the earliest of (1) the last day of the fiscal year in which we have total annual gross revenue of $1.07 billion or more; (2) the last day of the fiscal year following the fifth anniversary of the date of the completion of this offering; (3) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; and (4) the date on which we are deemed to be a “large accelerated filer” under the rules of the SEC. For so long as we remain an emerging growth company, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not “emerging growth companies,” including:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;

- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We currently intend to take advantage of the available exemptions described above. We have taken advantage of reduced reporting burdens in this prospectus. In particular, we have not included all of the executive compensation information that would be required if we were not an emerging growth company. We cannot predict if investors will find our Class A common stock less attractive if we rely on these exemptions. Furthermore, 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 have irrevocably elected not to avail ourselves of this accommodation allowing for delayed adoption of new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. If some investors find our Class A common stock less attractive as a result of these decisions, there may be a less active trading market for our Class A common stock and the price of our Class A common stock may be more volatile.

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

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market, and our competitors. We do not have any control over these analysts. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our Class A common stock would be negatively affected. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, our Class A common 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 Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

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

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

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

The initial public offering price is substantially higher than the pro forma net tangible book value per share of our common stock immediately following this offering and the private placement based on the total value of our tangible assets less our total liabilities. Therefore, if you purchase shares of our Class A common stock in this offering, based on the midpoint of the price range set forth on the cover page of this prospectus, and the issuance by us of 41,818,181 shares of Class A common stock in this offering and the private placement, you will experience immediate dilution of $22.22 per share, the difference between the price per share you pay for our Class A common stock and its pro forma net tangible book value per share as of June 30, 2019. Furthermore, if the underwriters exercise their option to purchase additional shares, if outstanding stock options are exercised, if we issue awards to our employees under our equity incentive plans, or if we otherwise issue additional shares of our Class A common stock, you could experience further dilution. See the section titled “Dilution” for additional information.

We will have broad discretion in the use of the net proceeds we receive in this offering and may not use them effectively.

We will have broad discretion in the application of the net proceeds we receive in this offering and the private placement, including for any of the purposes described in the section titled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering and the private placement, their ultimate use may vary substantially from their currently intended use. If we do not use the net proceeds that we receive in this offering and the private placement effectively, our business, financial condition, operating results, and prospects could be harmed, and the market price for our Class A common stock could decline. Pending their use, we may invest the net proceeds from this offering and the private placement 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 to our stockholders. These investments may not yield a favorable return to our investors.

Participation in this offering by entities affiliated with TCV, an existing stockholder, could reduce the public float for our shares.

Certain entities affiliated with TCV, an existing stockholder, have agreed, subject to certain regulatory conditions, to purchase a number of shares of Class A common stock with an aggregate purchase price of approximately $50.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, this would be 1,818,181 shares of Class A common stock. This purchase could reduce the available public float for our shares if such entities hold these shares long term.

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

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

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

Provisions in our restated certificate of incorporation and restated bylaws that will be in effect upon the completion of this offering may have the effect of delaying or preventing a merger, acquisition or other change of control of our company that the stockholders may consider favorable. In addition, because our board of directors is responsible for appointing the members of our management team, 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. Among other things, our restated certificate of incorporation and restated bylaws include provisions that:

- provide that our board of directors will be classified into three classes of directors with staggered three-year terms;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the chairman of our board of directors, our chief executive officer, or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit cumulative voting;

- provide that directors may only be removed "for cause" and only with the approval of two-thirds of our stockholders;
- provide for a dual class common stock structure in which holders of our Class B common stock may have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, our restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware, to the fullest extent permitted by law, will be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, or DGCL, our restated certificate of incorporation, or our restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of 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 any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. This exclusive forum provision will not apply to claims that are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery of the State of Delaware, or for which the Court of Chancery of the State of Delaware does not have subject matter jurisdiction. For instance, the provision would not preclude the filing of claims brought to enforce any liability or duty created by the Exchange Act or Securities Act or the rules and regulations thereunder in federal court.

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit, operating expenses including changes in research and development, sales and marketing, and general and administrative expenses (including any components of the foregoing), and our ability to achieve and maintain future profitability;
- our business plan and our ability to effectively manage our growth;
- anticipated trends, growth rates, and challenges in our business and in the markets in which we operate;
- our market opportunity, including our TAM and SAM;
- our international expansion plans and ability to continue to expand internationally;
- market acceptance of our Connected Fitness Products and services;
- beliefs and objectives for future operations;
- our ability to increase sales of our Connected Fitness Products and services;
- our ability to further penetrate our existing Subscriber base and maintain and expand our Subscriber base;
- our ability to develop new Connected Fitness Products and services and bring them to market in a timely manner and make enhancements to our Connected Fitness Products;
- the effects of seasonal trends on our results of operations;
- our expectations concerning relationships with third parties;
- our expectations regarding content costs for past use;
- our ability to maintain, protect, and enhance our intellectual property;
- the effects of increased competition in our markets and our ability to compete effectively;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally; and
- economic and industry trends, projected growth, or trend analysis.

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

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or

achievements. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this prospectus or to conform these statements to actual results or revised expectations, except as required by law.

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

INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations, market position, market opportunity, and market size, is based on information from various sources, including our own estimates, as well as assumptions that we have made that are based on such data and other similar sources, and on our knowledge of the market for our products and services. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the market position, market opportunity, and market size information included in this prospectus is generally reliable, information of this sort is inherently imprecise. In addition, projections, assumptions, and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors" and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

This prospectus contains statistical data, estimates, and forecasts that are based on industry publications or reports generated by third-party providers, or other publicly available information, as well as other information based on internal estimates.

The sources of certain statistical data, estimates, and forecasts contained in this prospectus are provided below:

- Global Wellness Institute, *Wellness Now a $4.2 Trillion Global Industry*, October 2018.
- Kagan, a media research group of S&P Global Market Intelligence, *Kagan Data Services: Economics of Mobile Music 2018 Edition*, November 2018.
- Kagan, a media research group of S&P Global Market Intelligence, *U.S. Online Video Projections Through 2028*, August 2018.
- National Business Group on Health, *Companies Expand Well-Being Programs and Increase Financial Incentives*, April 2017.
- Pew Research Center, *7 Facts About American Dads*, June 2018.
- The following reports from The International Health, Racquet & Sportsclub Association: *The 2019 IHRSA Global Report, the 2018 IHRSA Health Club Consumer Report*, *2018 IHRSA Global Report*, *IHRSA's Guide to the Boutique Studio*, and *2009 IHRSA Global Report*.

Statistics and estimates related to our TAM and SAM are based on internal reports conducted with the assistance of our third-party marketing partner, Directions Research, Inc. In order to determine our TAM and SAM, we conducted an online survey of consumers across the United States, the United Kingdom, Germany, and Canada, surveying over 1,000 consumers in each market. Consumers who qualified for our study were (i) between the ages of 18 and 70 years old and (ii) had self-reported household annual pre-tax incomes of $50,000 or more, or the foreign equivalent. Consumer responses to the survey were used as the basis for determining our TAM and SAM by weighting such responses to population censuses based on age and/or income. To calculate our TAM, we multiplied the percentage of respondents who reported having broadband internet and being open to subscription fitness by total households represented in the survey, and then weighted the response based on the relevant population censuses. To calculate our SAM, we measured the percentage of the TAM population who expressed interest in purchasing products within one of our existing categories. To better estimate a respondent's likelihood to purchase one of our Connected Fitness Products, we made certain downward adjustments based on industry probability purchase assumptions, to account for conflicting responses from individual respondents, and where a respondent's response relating to how much he or she would pay for a Peloton product was below the mean stated price by one standard deviation or more. Once each respondent's probability of purchasing each product was determined, we weighted the responses based on the relevant population. We calculate the expected SAM for our product portfolio by multiplying the average weighted purchase probability for each product by the total country TAM.

Certain monetary amounts, percentages, and other figures included elsewhere in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of 41,818,181 shares of our Class A common stock in this offering and the private placement at an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and estimated offering expenses, will be approximately $1.1 billion, or $1.3 billion if the underwriters' option to purchase additional shares is exercised in full.

A $1.00 increase (decrease) in the assumed initial public offering price of $27.50 per share would increase (decrease) the net proceeds that we receive from this offering and the private placement by approximately $38.0 million, assuming the number of shares of our Class A common stock offered by us remains the same, and after deducting the estimated underwriting discount. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of our Class A common stock offered by us in this offering would increase (decrease) the net proceeds that we receive from this offering and the private placement by approximately $26.1 million, assuming that the assumed initial public offering price of $27.50 remains the same, and after deducting the estimated underwriting discount.

The principal purposes of this offering and the private placement are to increase our capitalization and financial flexibility, create a public market for our Class A common stock, and enable access to the public equity markets for us and our stockholders. We primarily intend to use the net proceeds that we receive from this offering and the private placement for working capital and other general corporate purposes, which may include research and development and sales and marketing activities, general and administrative matters, and capital expenditures. We may also use a portion of the proceeds for the acquisition of, or investment in, technologies, solutions, or businesses that complement our business. However, we do not have binding agreements or commitments for any acquisitions or investments outside the ordinary course of business at this time.

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

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our capital stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions, and other factors that our board of directors may deem relevant. In addition, our Credit Agreement contains restrictions on our ability to pay cash dividends on our capital stock. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional information.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2019 on:

- an actual basis;
- a pro forma basis to give effect to (1) the redesignation of our outstanding common stock as Class B common stock in September 2019, (2) the automatic conversion of all outstanding shares of our redeemable convertible preferred stock outstanding as of June 30, 2019 into 210,640,629 shares of our Class B common stock, and (3) the filing and effectiveness of our restated certificate of incorporation; and
- a pro forma as adjusted basis to give effect to the adjustments described above as well as the sale and issuance by us of 41,818,181 shares of our Class A common stock offered in this offering and the private placement at an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and estimated offering expenses.

The pro forma as adjusted information below is illustrative only, and our cash and cash equivalents, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization following the completion of this offering and the private placement will be adjusted based on the actual initial public offering price and other terms of the offering determined at the pricing of this offering. You should read this table together with our consolidated financial statements and related notes, and the sections titled "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this prospectus.

	As of June 30, 2019		
	Actual	Pro Forma	Pro Forma as Adjusted[1]
	(unaudited)		
	(in millions, except share and per share data)		
Cash and cash equivalents	$ 162.1	$ 162.1	$ 1,251.1
Redeemable convertible preferred stock, $0.000025 par value per share: 215,443,468 shares authorized, 210,640,629 shares issued and outstanding, actual; zero shares authorized, issued, and outstanding, pro forma and pro forma as adjusted	$ 941.1	$ —	$ —
Stockholders' (deficit) equity:			
Preferred stock, $0.000025 par value per share: zero shares authorized, issued, and outstanding, actual; 50,000,000 shares authorized, zero shares issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, $0.000025 par value per share: 400,000,000 shares authorized, 25,301,604 shares issued and outstanding, actual; zero shares authorized, issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Class A common stock, $0.000025 par value per share: zero shares authorized, issued, and outstanding, actual; 2,500,000,000 shares authorized, zero shares issued and outstanding, pro forma; 2,500,000,000 shares authorized, 41,818,181 shares issued and outstanding, pro forma as adjusted	—	—	—
Class B common stock, $0.000025 par value per share: zero shares authorized, issued and outstanding, actual; 2,500,000,000 shares authorized, 235,942,233 shares issued and outstanding, pro forma; 2,500,000,000 shares authorized, 235,942,233 shares issued and outstanding, pro forma as adjusted	—	—	—
Additional paid-in capital	90.7	1,031.8	2,120.8
Accumulated other comprehensive loss	0.2	0.2	0.2
Accumulated deficit	(629.5)	(629.5)	(629.5)
Total stockholders' (deficit) equity	(538.6)	402.5	1,491.5
Total capitalization	$ 402.5	$ 402.5	$ 1,491.5

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization by approximately $38.0 million, assuming that the number of shares offered by us in this offering, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares offered by us in this offering would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization by approximately $26.1 million, assuming that the assumed initial public offering price, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount. If the underwriters' option to purchase additional shares is exercised in full, the pro forma as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization would increase by approximately $156.8 million, after deducting the estimated underwriting discount and we would have 47,818,181 shares of our Class A common stock and 235,942,233 shares of our Class B common stock issued and outstanding, pro forma as adjusted.

The number of shares of our Class A common stock and Class B common stock to be outstanding after this offering and the private placement is based upon zero shares of our Class A common stock outstanding and 235,942,233 shares of our Class B common stock outstanding, in each case, as of June 30, 2019 and does not include:

- 64,602,124 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of June 30, 2019, with a weighted-average exercise price of $6.71 per share;
- 883,550 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted between June 30, 2019 and September 10, 2019 with a weighted-average exercise price of $23.40 per share;
- 240,000 shares of our Class B common stock issuable upon the exercise of a warrant to purchase Class B common stock outstanding as of June 30, 2019, with an exercise price of $0.19 per share; and
- 55,672,360 shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (1) 9,085,593 shares of our Class B common stock reserved for future issuance under our 2015 Plan as of June 30, 2019 (which reserve does not reflect the options to purchase shares of our Class B common stock granted after June 30, 2019), (2) 40,986,767 shares of our Class A common stock reserved for future issuance under our 2019 Plan, which will become effective on the date immediately prior to the date of this prospectus, and (3) 5,600,000 shares of our Class A common stock reserved for issuance under our 2019 ESPP, which will become effective on the date of this prospectus.

On the date immediately prior to the date of this prospectus, any remaining shares available for issuance under our 2015 Plan will be added to the shares of our Class A common stock reserved for issuance under our 2019 Plan, and we will cease granting awards under the 2015 Plan. Our 2019 Plan and 2019 ESPP also provide for automatic annual increases in the number of shares reserved thereunder. See the section titled "Executive Compensation—Employee Benefit Plans" for additional information.

DILUTION

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

As of June 30, 2019, our pro forma net tangible book value was approximately $378.8 million, or $1.61 per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of June 30, 2019 after giving effect to (1) the redesignation of our outstanding common stock as Class B common stock as of September 2019, (2) the automatic conversion of all outstanding shares of our redeemable convertible preferred stock outstanding as of June 30, 2019 into 210,640,629 shares of our Class B common stock, and (3) the filing and effectiveness of our restated certificate of incorporation.

After giving effect to our sale in this offering and the private placement of 41,818,181 shares of our Class A common stock, at an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses, our pro forma as adjusted net tangible book value as of June 30, 2019 would have been approximately $1,468 million, or $5.28 per share. This represents an immediate increase in pro forma net tangible book value of $3.68 per share to our existing stockholders and an immediate dilution of $22.22 per share to investors purchasing Class A common stock in this offering and the private placement at the assumed initial public offering price.

The following table illustrates this dilution on a per share basis to new investors and private placement investors*:

Assumed initial public offering price per share		$27.50
Pro forma net tangible book value per share as of June 30, 2019, before giving effect to this offering and the private placement	$1.61	
Increase in pro forma net tangible book value per share attributable to new investors and private placement investors	3.68	
Pro forma as adjusted net tangible book value per share		5.28
Dilution in pro forma as adjusted net tangible book value per share to new investors and private placement investors		$22.22

* Amounts may not sum due to rounding.

A $1.00 increase (decrease) in the assumed initial public offering price of $27.50 per share, which is the midpoint of the price range reflected on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by $0.14 per share and would increase (decrease) the dilution per share to new investors in this offering by $0.86 per share, assuming the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of Class A common stock offered by us in this offering would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering and the private placement by $0.07 per share and would increase (decrease) the dilution to new investors and private placement investors by $0.07 per share, assuming the assumed initial public offering price, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount.

If the underwriters exercise their option to purchase additional shares in full, the pro forma as adjusted net tangible book value per share of our common stock after giving effect to this offering and the private placement would be $5.72 per share and the dilution in pro forma net tangible book value per share to investors in this offering and the private placement would be $21.78 per share.

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2019, after giving effect to the pro forma adjustments described above, the difference among existing stockholders, new investors purchasing shares of Class A common stock in this offering and the private placement investors with respect to the number of shares purchased from us,

the total consideration paid to us, and the average price per share paid by our existing stockholders or to be paid by investors purchasing shares in this offering and the private placement at an assumed offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discount and estimated offering expenses:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount (in millions)	Percent	
Existing stockholders	235,942,233	84.9%	$ 973.2	45.8%	$ 4.12
New investors	40,000,000	14.4	1,100.0	51.8	27.50
Private placement investors	1,818,181	0.7	50.0	2.4	27.50
Total	277,760,414	100%	$ 2,123.2	100%	

A $1.00 increase (decrease) in the assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid by new investors, the private placement investors and all stockholders by $38.0 million, assuming that the number of shares offered by us in this offering, as set forth on the cover page of this prospectus remains the same and after deducting the estimated underwriting discount.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares of our Class A common stock. If the underwriters exercise their option to purchase additional shares in full, our existing stockholders would own 83.1%, our new investors would own 16.2%, and our private placement investors would own 0.6% of the total number of shares of our common stock outstanding after this offering and the private placement.

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

The number of shares of our Class A common stock and Class B common stock to be outstanding after this offering and the private placement is based upon zero shares of our Class A common stock outstanding and 235,942,233 shares of our Class B common stock outstanding, in each case, as of June 30, 2019:

- 64,602,124 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of June 30, 2019, with a weighted-average exercise price of $6.71 per share;
- 883,550 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted between June 30, 2019 and September 10, 2019 with a weighted-average exercise price of $23.40 per share;
- 240,000 shares of our Class B common stock issuable upon the exercise of a warrant to purchase Class B common stock outstanding as of June 30, 2019, with an exercise price of $0.19 per share; and
- 55,672,360 shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (1) 9,085,593 shares of our Class B common stock reserved for future issuance under our 2015 Plan as of June 30, 2019 (which reserve does not reflect the options to purchase shares of our Class B common stock granted after June 30, 2019), (2) 40,986,767 shares of our Class A common stock reserved for future issuance under our 2019 Plan, which will become effective on the date immediately prior to the date of this prospectus, and (3) 5,600,000 shares of our Class A common stock reserved for issuance under our 2019 ESPP, which will become effective on the date of this prospectus.

On the date immediately prior to the date of this prospectus, any remaining shares available for issuance under our 2015 Plan will be added to the shares of our Class A common stock reserved for issuance under our 2019 Plan, and we will cease granting awards under the 2015 Plan. Our 2019 Plan and 2019 ESPP also provide for automatic annual increases in the number of shares reserved thereunder. See the section titled "Executive Compensation—Employee Benefit Plans" for additional information.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present selected historical financial and other data for our business. We derived our selected consolidated statements of operations for fiscal 2017, fiscal 2018, and fiscal 2019 (except the pro forma share and pro forma net loss per share information) and our selected consolidated balance sheet data as of June 30, 2018 and June 30, 2019 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived our selected consolidated balance sheet data as of June 30, 2017 from our audited consolidated financial statements that are not included in this prospectus. Our historical results are not necessarily indicative of the results that may be expected for any other period in the future. You should read the following selected consolidated financial data in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements, the accompanying notes, and other financial information included elsewhere in this prospectus. Our fiscal year end is June 30, and our fiscal quarters end on September 30, December 31, March 31, and June 30. Our fiscal years ended June 30, 2017, 2018, and 2019 are referred to herein as fiscal 2017, fiscal 2018, and fiscal 2019, respectively.

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions, except share and per share data)		
Consolidated Statement of Operations Data:			
Revenue:			
Connected Fitness Products	$ 183.5	$ 348.6	$ 719.2
Subscription	32.5	80.3	181.1
Other	2.6	6.2	14.7
Total revenue	218.6	435.0	915.0
Cost of revenue[1][2]:			
Connected Fitness Products	113.5	195.0	410.8
Subscription[3]	29.3	45.5	103.7
Other	1.9	4.9	17.0
Total cost of revenue	144.7	245.4	531.4
Gross profit	73.9	189.6	383.6
Operating expenses:			
Research and development[1][2]	13.0	23.4	54.8
Sales and marketing[1][2]	86.0	151.4	324.0
General and administrative[1][2]	45.6	62.4	207.0
Total operating expenses	144.7	237.1	585.8
Loss from operations	(70.7)	(47.5)	(202.3)
Other (expense) income, net	(0.3)	(0.3)	6.7
Loss before provision for income taxes	(71.1)	(47.8)	(195.6)
Provision for income taxes	—	0.1	0.1
Net loss	$ (71.1)	$ (47.9)	$ (195.6)

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions, except share and per share data)		
Net loss attributable to common stockholders	$ (163.4)	$ (47.9)	$ (245.7)
Net loss per share attributable to common stockholders, basic and diluted(4)	$ (5.97)	$ (2.18)	$ (10.72)
Weighted-average common shares outstanding, basic and diluted(4)	27,379,789	21,934,228	22,911,764
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)(4)			$ (0.84)
Pro forma weighted-average common shares outstanding, basic and diluted (unaudited)(4)			233,552,393

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

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Cost of revenue:			
Connected Fitness Products	$ —	$ —	$ 0.3
Subscription	0.1	0.5	3.2
Other	—	—	—
Total cost of revenue	0.1	0.5	3.5
Research and development	0.4	0.8	7.1
Sales and marketing	0.4	0.7	8.4
General and administrative	9.5	6.5	70.5
Total stock-based compensation expense	$ 10.3	$ 8.5	$ 89.5

(2) Includes depreciation and amortization expense as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Cost of revenue:			
Connected Fitness Products	$ 0.4	$ 0.3	$ 1.2
Subscription	1.2	2.8	11.3
Other	—	—	—
Total cost of revenue	1.6	3.1	12.6
Research and development	—	—	—
Sales and marketing	1.0	1.7	4.0
General and administrative	1.1	1.8	5.2
Total depreciation and amortization expense	$ 3.7	$ 6.6	$ 21.7

(3) Included in subscription cost of revenue are content costs for past use as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Content costs for past use(1)	$ 15.5	$ 14.5	$ 16.4

(1) From time-to-time, we execute music royalty agreements with various music rights holders. As part of these go-forward license agreements, we may also enter into agreements whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in our content in exchange for a mutually-agreed payment. We refer to these payments as content costs for past use.

(4) See Note 16 of the notes to our audited consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net loss per share attributable to common stockholders, basic and diluted, and pro forma net loss per share attributable to common stockholders, basic and diluted.

	As of June 30,		
	2017	2018	2019
Consolidated Balance Sheet Data:		(in millions)	
Cash and cash equivalents	$ 155.0	$ 150.6	$ 162.1
Working capital	117.6	33.6	290.9
Total assets	198.7	271.2	864.5
Customer deposits and deferred revenue	25.6	88.5	90.8
Redeemable convertible preferred stock	406.3	406.3	941.1
Total stockholders' deficit	(281.6)	(315.6)	(538.6)

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP financial measures are useful in evaluating our operating performance.

Adjusted EBITDA and Adjusted EBITDA Margin

We calculate Adjusted EBITDA as net loss adjusted to exclude: interest income, net; other income, net; provision for income taxes; depreciation and amortization expense; stock-based compensation expense; costs related to acquisitions; certain litigation expenses, consisting of legal settlements and related fees for specific proceedings that arise outside of the ordinary course of our business; and the ground lease expense related to build-to-suit lease obligations. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by total revenue.

We use Adjusted EBITDA and Adjusted EBITDA Margin as measures of operating performance and the operating leverage in our business. We believe that these non-GAAP financial measures are useful to investors for period-to-period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

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

Our use of Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider these measures in isolation or as substitutes for analysis of our financial results as reported under GAAP. Some of these limitations are, or may in the future be, as follows:

- although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA and Adjusted EBITDA Margin do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA and Adjusted EBITDA Margin exclude stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect: (1) changes in, or cash requirements for, our working capital needs; (2) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; or (3) tax payments that may represent a reduction in cash available to us;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect certain litigation expenses, consisting of legal settlements and related fees for specific proceedings, that arise outside of the ordinary course of our business;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect the non-cash ground lease expense related to our new corporate headquarters lease whereby we are considered, for accounting purposes only, the owner of the construction project under current build-to-suit lease accounting;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect transaction costs related to acquisitions; and
- the expenses and other items that we exclude in our calculation of Adjusted EBITDA and Adjusted EBITDA Margin may differ from the expenses and other items, if any, that other companies may exclude from Adjusted EBITDA when they report their operating results and we may, in the future, exclude other significant, unusual or non-recurring expenses or other items from these financial measures.

Because of these limitations, Adjusted EBITDA and Adjusted EBITDA Margin should be considered along with other operating and financial performance measures presented in accordance with GAAP.

The following table presents a reconciliation of Adjusted EBITDA to net loss, the most directly comparable financial measure prepared in accordance with GAAP, for each of the periods indicated:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(dollars in millions)		
Net loss[1]	$ (71.1)	$ (47.9)	$ (195.6)
Adjusted to exclude the following:			
Other (expense) income, net	(0.3)	(0.3)	6.7
Provision for income taxes	—	0.1	0.1
Depreciation and amortization expense	3.7	6.6	21.7
Stock-based compensation expense	10.3	8.5	89.5
Transaction costs	—	0.5	0.4
Litigation expenses	5.0	1.5	12.1
Ground lease expense related to build-to-suit obligations	—	—	7.2
Adjusted EBITDA	$ (51.8)	$ (30.4)	$ (71.3)
Adjusted EBITDA Margin	(23.7)%	(7.0)%	(7.8)%

(1) Included in net loss are content costs for past use as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Content costs for past use[1]	$ 15.5	$ 14.5	$ 16.4

(1) From time-to-time, we execute music royalty agreements with various music rights holders. As part of these go-forward license agreements, we may also enter into agreements whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in our content in exchange for a mutually-agreed payment. We refer to these payments as content costs for past use. Included in Adjusted EBITDA are content costs for past use. These costs had a negative basis point impact on Adjusted EBITDA Margin of 711, 333, and 180 for fiscal 2017, 2018, and 2019, respectively.

Subscription Contribution and Subscription Contribution Margin

We define Subscription Contribution as subscription revenue less cost of subscription revenue, adjusted to exclude from cost of subscription revenue, depreciation and amortization expense and stock-based compensation expense. Subscription Contribution Margin is calculated by dividing Subscription Contribution by subscription revenue.

We use Subscription Contribution and Subscription Contribution Margin to measure our ability to scale and leverage the costs of our Connected Fitness Subscriptions and measure Connected Fitness Subscriber Lifetime Value. We believe that these non-GAAP financial measures are useful to investors for period-to-period comparisons of our business and in understanding and evaluating our operating results because our management uses Subscription Contribution and Subscription Contribution Margin in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance.

Our use of Subscription Contribution and Subscription Contribution Margin have limitations as analytical tools, and you should not consider these in isolation or as substitutes for analysis of our financial results as reported under GAAP. Some of these limitations are as follows:

- although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Subscription Contribution and Subscription Contribution Margin do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; and

- Subscription Contribution and Subscription Contribution Margin exclude stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy.

Because of these limitations, Subscription Contribution and Subscription Contribution Margin should be considered along with other operating and financial performance measures presented in accordance with GAAP.

The following table presents a reconciliation of Subscription Contribution to subscription gross profit, the most directly comparable financial measure prepared in accordance with GAAP, for each of the periods indicated:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(dollars in millions)		
Subscription revenue	$ 32.5	$ 80.3	$ 181.1
Less: Cost of subscription(1)	29.3	45.5	103.7
Subscription gross profit	3.2	34.7	77.4
Subscription gross margin	9.7%	43.3%	42.7%
Adjusted to exclude the following:			
Depreciation and amortization expense	$ 1.2	$ 2.8	$ 11.3
Stock-based compensation expense	0.1	0.5	3.2
Subscription Contribution	$ 4.4	$ 38.0	$ 91.9
Subscription Contribution Margin	13.5%	47.5%	50.8%

(1) Included in cost of subscription are content costs for past use as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Content costs for past use(1)	$ 15.5	$ 14.5	$ 16.4

(1) From time-to-time, we execute music royalty agreements with various music rights holders. As part of these go-forward license agreements, we may also enter into agreements whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in our content in exchange for a mutually-agreed payment. We refer to these payments as content costs for past use. Included in Subscription Contribution and Subscription Contribution Margin are content costs for past use. These costs had a negative basis point impact on Subscription Contribution Margin of 4,788, 1,805, and 908 for fiscal 2017, 2018, and 2019, respectively.

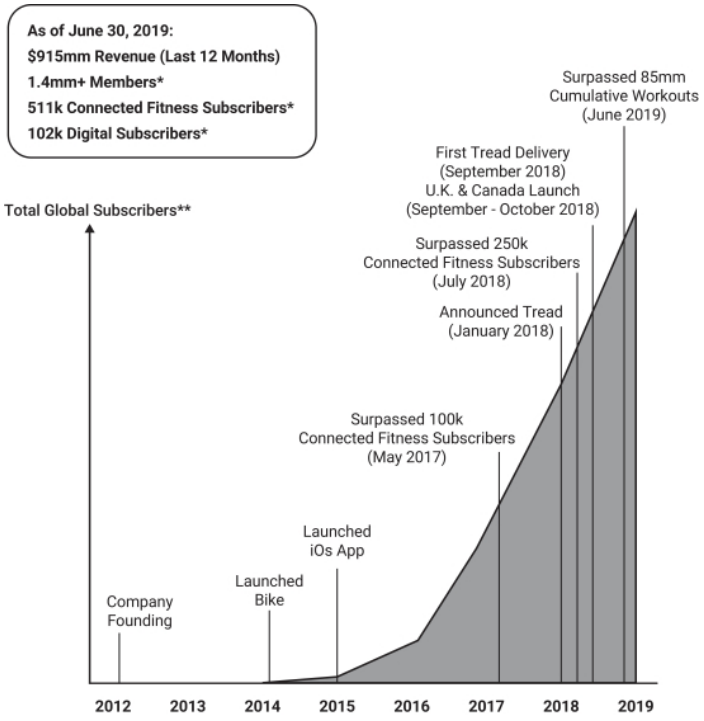
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled "Selected Consolidated Financial and Other Data" and our consolidated financial statements and the related notes appearing elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Our fiscal year end is June 30, and our fiscal quarters end on September 30, December 31, March 31, and June 30. Our fiscal years ended June 30, 2017, 2018, and 2019 are referred to herein as fiscal 2017, fiscal 2018, and fiscal 2019, respectively.

Overview of Our Business and History

Peloton is the largest interactive fitness platform in the world with a loyal community of over 1.4 million Members. We pioneered connected, technology-enabled fitness, and the streaming of immersive, instructor-led boutique classes to our Members anytime, anywhere. We make fitness entertaining, approachable, effective, and convenient while fostering social connections that encourage our Members to be the best versions of themselves.

Key milestones in our growth history include:



* We define a Member as any individual who has a Peloton account. We define a Connected Fitness Subscriber as either a paid Connected Fitness Subscriber (a Connected Fitness Subscription with a successful credit card billing or with prepaid subscription credits or waivers) or a paused Connected Fitness Subscriber (a Connected Fitness Subscription where the Subscriber has requested to "Pause" for up to 3 months). We define a Digital Subscriber as an individual or household that has a paid Peloton Digital subscription with a successful credit card billing.

** Total Global Subscribers represents the aggregate number of Connected Fitness Subscribers and Digital Subscribers. As of June 30, 2019, we had approximately 613,000 Global Subscribers.

Our revenue is primarily generated from the sale of our Connected Fitness Products and associated recurring subscription revenue. We have experienced significant growth in sales of our Connected Fitness Products, which, when combined with our low Average Net Monthly Connected Fitness Churn has led to significant growth in Connected Fitness Subscribers. From fiscal 2018 to fiscal 2019, total revenue grew 110%, and our Connected Fitness Subscriber base grew 108%.

For fiscal 2017, 2018, and 2019:

- We generated total revenue of $218.6 million, $435.0 million, and $915.0 million, respectively, representing 99.0% and 110.3% year-over-year growth;
- As of June 30, 2017, June 30, 2018, and June 30, 2019, we had 107,708, 245,667, and 511,202 Connected Fitness Subscribers, respectively, representing 128.1% and 108.1% year-over-year growth;
- Our Average Net Monthly Connected Fitness Churn was 0.70%, 0.64%, and 0.65%, respectively;
- We incurred net losses of $(71.1) million, $(47.9) million, and $(195.6) million, respectively; and
- Our Adjusted EBITDA was $(51.8) million, $(30.4) million, and $(71.3) million, respectively.

For a definition of Connected Fitness Subscribers, Average Net Monthly Connected Fitness Churn, Subscription Contribution Margin, and Adjusted EBITDA, see the section titled "—Key Operational and Business Metrics."

See the section titled "Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures" for information regarding our use of Adjusted EBITDA and a reconciliation of net loss to Adjusted EBITDA.

As a supplement to our key operational and business metrics described herein, we also measure our number of Members to understand the scale of our platform and market penetration. Unlike our number of Connected Fitness Subscriptions or Digital Subscriptions, a Member represents a single individual who has a Peloton account. It is often the case that a Connected Fitness Subscription or Digital Subscription is used by multiple members of a single family that each have individual Peloton accounts. As of June 30, 2019, we had over 1.4 million Members and the average Connected Fitness Subscription was used by 2.0 Members.

Our Business Model

Our financial profile is characterized by high growth, strong retention, recurring revenue, margin expansion, and efficient customer acquisition.

Grow Our Connected Fitness Subscriber Base

We are still in the early stages of growth. As of June 30, 2019, we had sold approximately 577,000 Connected Fitness Products globally, a small fraction of the 14 million products we believe reflect our SAM in our current and announced markets (the United States, the United Kingdom, Canada, and Germany) and current fitness product verticals. We believe our success in growing our Connected Fitness Subscriber base is due to our data-driven marketing and education-based multi-channel sales efforts, word-of-mouth referrals from our loyal Members, and broadening customer demographics. In order to grow our Connected Fitness Subscriber base, we plan to drive sales of our Connected Fitness Products by continuing to increase consumer awareness through brand and product marketing, the introduction of new Connected Fitness Products in existing and new fitness and wellness verticals, and geographical expansion.

In addition to our Connected Fitness Subscription for $39.00 per month, we also offer a Digital Subscription for $19.49 per month. As of June 30, 2019, we had approximately 102,000 Digital Subscribers compared to approximately 46,000 and 22,000 as of June 30, 2018 and June 30, 2017, respectively. In 2018, we relaunched Peloton Digital when we expanded our content offering to include bootcamp and indoor/outdoor running and walking classes. Later in 2018, we significantly

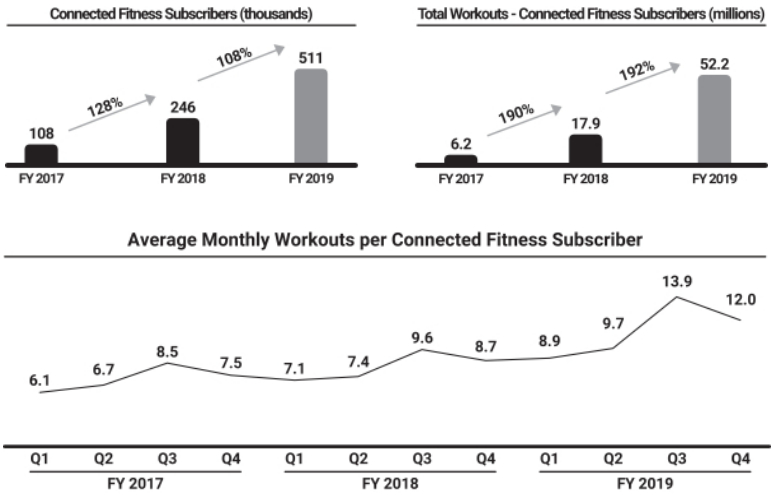
expanded our yoga content offering and launched meditation. While we believe we can grow our Digital Subscriber base over time, the focus of Peloton Digital today is to increase engagement with our Connected Fitness Subscribers. In addition, Peloton Digital provides users an opportunity to try Peloton content before they purchase a Connected Fitness Product.

Increase Engagement to Drive High Retention

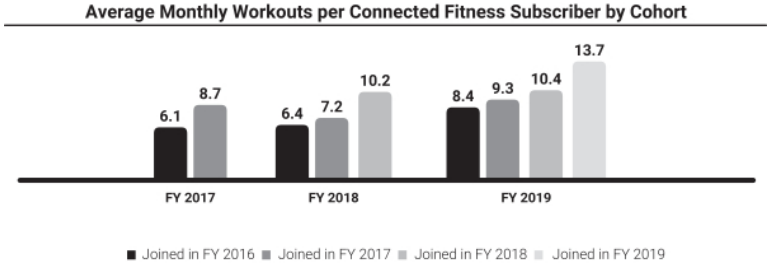
By making fitness fun and motivating, we help our Members achieve their personal goals. We continuously improve our platform, which results in increased usage of our Connected Fitness Products and Peloton Digital. We analyze millions of workouts per month to help us develop new software features that improve our Member experience, as well as create new on-trend fitness and wellness content. We also develop innovative fitness programs and goal-based challenges to help Members feel more accountable and motivated. As our community of Members continues to grow, the Peloton fitness experience becomes more inspiring, more competitive, more immersive, and more connected, fueling the desire of each of our Members to achieve their fitness goals.

Engagement is the leading indicator of retention for our Connected Fitness Subscribers. We have consistently seen an increase in Average Monthly Workouts per Connected Fitness Subscriber. Total Workouts completed by our Connected Fitness Subscribers have grown significantly over the past few years. We evaluate engagement on a year-over-year basis given the seasonality in our Members' workout patterns. Our third quarter tends to have elevated workout levels due to New Year's resolutions and colder weather. Our first quarter tends to have lower workout levels as Members enjoy outdoor-based fitness activities and summer vacations.

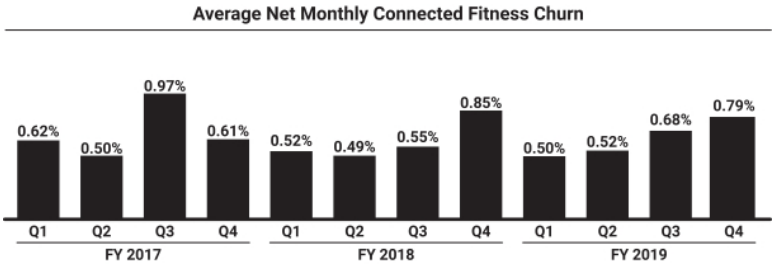
For a definition of Workouts, Total Workouts, and Average Monthly Workouts per Connected Fitness Subscriber, see the section titled "—Key Operational and Business Metrics."



We have seen an increase in engagement over time, across our cohorts of Connected Fitness Subscribers. Average Monthly Workouts per Connected Fitness Subscriber are higher for our most recent cohorts and engagement for each cohort has been consistent or improved over time. For example, the fiscal 2017 cohort includes all Connected Fitness Subscribers who joined Peloton between July 1, 2016 and June 30, 2017.



Usage drives value and loyalty, which is evidenced by our consistently low Average Net Monthly Connected Fitness Churn. As of June 30, 2019, 89% of our Connected Fitness Subscribers were paying month-to-month subscriptions. For a definition of Average Net Monthly Connected Fitness Churn, see the section titled "—Key Operational and Business Metrics."



Improve Profitability through Scaling Content Platform

The continued growth of our Connected Fitness Subscriber base will allow us to improve Subscription Contribution Margin, increase Connected Fitness Subscriber Lifetime Value, and generate operating leverage. We will be able to leverage a significant portion of our content creation costs given that we only need a limited number of production studios and instructors to support our growth.

We measure Subscription Contribution and Subscription Contribution Margin to understand and evaluate the profitability of our subscription business and Connected Fitness Subscriber Lifetime Value. For a definition of Subscription Contribution and Subscription Contribution Margin, see the section titled "—Key Operational and Business Metrics." Our subscription gross margin for fiscal 2017, 2018, and 2019 was 9.7%, 43.3%, and 42.7%, respectively. The increase in our subscription gross margin from fiscal 2017 to fiscal 2018 was primarily driven by content costs for past use, which, while relatively flat on an aggregate dollar basis, more adversely impacted subscription gross margin for fiscal 2017 given a lower Connected Fitness Subscriber base. We also drove further margin improvements in fiscal 2018 by leveraging fixed costs of content production while expanding our Connected Fitness Subscriber base. Subscription gross margin decreased during fiscal 2019 as we began to make significant investments in Tread content as well as expansion into new content verticals. We also began incurring expenses for our new production studios in New York City and London and incurred additional content costs for past use in fiscal 2019. Our Subscription Contribution Margin for fiscal 2017, 2018, and 2019 was 13.5%, 47.5%, and 50.8%, respectively. When excluding content costs for past use, in fiscal 2019 we experienced a decline in our Subscription Contribution Margin which was driven by additional investments in new content verticals in the quarters ended December 31, 2018 and March 31, 2019. See the section titled "—Content Costs for Past Use" for additional information. To support the launch of our Tread, we leased a new studio in New York City and added hundreds of original programs including bootcamp and indoor/outdoor running and walking classes. In late 2018, we significantly expanded our

yoga offering and launched meditation. We view the majority of these costs as fixed and scalable over time as we grow our Subscriber base. For a discussion of these recent growth initiatives see the section titled "—Factors Affecting Our Performance—Ability to Invest."

We expect to benefit from continued efficiencies in sales and marketing expenses resulting from increasing brand awareness, word-of-mouth referrals from our growing Member base, and further optimization of our sales and marketing investments by channel. We also expect to achieve operating leverage as we scale fixed general and administrative expenses, including those associated with our new headquarters in New York City.

Maintain Compelling Unit Economics

Our unit economic model benefits from low Average Net Monthly Connected Fitness Churn and high Subscription Contribution Margin. When we acquire a new Connected Fitness Subscriber, we offset sales and marketing investments with the gross profit earned on the sale of Connected Fitness Products, allowing for rapid payback. Thereafter, we earn recurring, high-margin subscription revenue. To illustrate our compelling unit economic model, we have presented our Connected Fitness Subscriber Lifetime Value and Net Customer Acquisition costs for fiscal 2017, fiscal 2018, and fiscal 2019.

We have a high Connected Fitness Subscriber Lifetime Value, which can be calculated as:

- our monthly Connected Fitness Subscription fee of $39.00; multiplied by
- Connected Fitness Subscribers added in a period; multiplied by
- months of Subscription Lifetime implied by our Average Net Monthly Connected Fitness Churn in the period (calculated by dividing one by our Average Net Monthly Connected Fitness Churn); multiplied by
- (Subscription Contribution plus content costs for past use) divided by subscription revenue.

Our Connected Fitness Subscriber Lifetime Value for fiscal 2017, fiscal 2018, and fiscal 2019, was $267.1 million, $604.4 million, and $1,053.8 million, respectively, or $3,433, $4,015, and $3,593 per Connected Fitness Subscriber, respectively.

As we expand our content offering, develop new interactive software features, and grow our community of Members, we believe we can maintain a low Average Net Monthly Connected Fitness Churn, resulting in a high Connected Fitness Subscriber Lifetime Value. In addition, with the growth of our Connected Fitness Subscriber base over time, we expect to improve our Subscription Contribution Margin as we scale our fixed content production costs.

Net Customer Acquisition Cost (profit) can be calculated as Adjusted Sales and Marketing Expense (which excludes depreciation and amortization expense and stock-based compensation expense) less Adjusted Connected Fitness Product Gross Profit (which excludes depreciation and amortization expense and stock-based compensation expense). Our Net Customer Acquisition Costs (profit) for fiscal 2017, fiscal 2018, and fiscal 2019, was $14.2 million, $(4.9) million, and $1.6 million, respectively, or $183, $(33), and $5 per Connected Fitness Subscriber added, respectively. We believe we will continue to drive rapid payback and efficiencies in Net Customer Acquisition Costs (profit) by further leveraging sales and marketing investments as a result of heightened brand awareness and growing word-of-mouth referrals. Changes in Connected Fitness Product margins or sales and marketing expenses may result in an inability to fully offset our customer acquisition costs.

Factors Affecting Our Performance

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including the following:

Ability to Attract New Connected Fitness Subscribers and Scale Our Platform

Our long-term growth will depend in part on our continued ability to attract new Connected Fitness Subscribers. We are still in the early stages of growth in our existing markets and believe we can significantly grow our Connected Fitness Subscriber base. If we cannot attract new Connected Fitness Subscribers as quickly as we expect, our operating results may be adversely affected. The inability to grow our Connected Fitness Subscriber base would reduce efficiency in customer acquisition costs and slow operating margin improvement.

To increase affordability and expand our addressable market, we offer attractive financing programs for qualified customers. We report revenue net of third-party financing partner fees. Accordingly, to the extent that these third-party financing partner fees change, or the number of products purchased through our financing programs fluctuates, our revenue and Subscription Contribution Margin will be affected.

Ability to Engage and Retain Our Existing Connected Fitness Subscribers

Our long-term growth will partially depend on our continued ability to retain existing Connected Fitness Subscribers. Engagement is the leading indicator of retention for our Connected Fitness Subscribers, and we must continue to provide an experience that our Members love. We cannot be sure that we will be successful in engaging and retaining Connected Fitness Subscribers, or that retention levels will not materially decline due to any number of factors, such as harm to our brand, or our inability to anticipate and meet consumer preferences and successfully implement new software features and content to meet those demands.

Ability to Invest

We will continue to make investments across our business to drive growth, and therefore we expect expenses to increase. We will continue to invest significant resources in sales and marketing to drive demand for our products and services. We will also continue to invest in research and development to enhance our platform, develop new Connected Fitness Products and software features, update and expand our content offering, and improve our infrastructure. For example, during fiscal 2019, we added eight new instructors and opened a temporary New York City production studio to produce bootcamp and indoor/outdoor running and walking classes. To support our rapid growth, we also intend to continue investing in our supply chain and logistics operations. We have in the past made, and may also in the future make, acquisitions or investments in strategic partnerships to further drive our growth. As cost of revenue, operating expenses, and capital expenditures increase as we invest in our business for long-term growth, we are likely to experience additional losses, delaying our ability to achieve profitability and adversely affecting cash flows.

Ability to Grow in New Geographies

Entering new geographic markets requires us to invest in sales and marketing, infrastructure, and personnel, including by establishing additional offices, showrooms, and potentially smaller local production studios. Our international growth will depend on our ability to sell Connected Fitness Products and associated Connected Fitness Subscriptions in international markets. Our international expansion has resulted in, and will continue to result in, increased costs and is subject to a variety of risks, including local competition, content localization, multilingual customer support, potentially complex delivery logistics, and compliance with foreign laws and regulations.

Seasonality

Historically, we have experienced higher revenue in the second and third quarters of the fiscal year compared to other quarters, due in large part to seasonal holiday demand, New Year’s resolutions, and cold weather. For example, in fiscal 2018 and 2019, our second and third quarters combined each represented 63% and 63% of our total revenue. We also incur higher sales and marketing expenses during these periods, which we expect to continue.

Key Operational and Business Metrics

In addition to the measures presented in our consolidated financial statements, we use the following key operational and business metrics to evaluate our business, measure our performance, develop financial forecasts, and make strategic decisions.

	Fiscal Year Ended June 30,		
	2017	2018	2019
Connected Fitness Subscribers	107,708	245,667	511,202
Average Net Monthly Connected Fitness Churn	0.70%	0.64%	0.65%
Total Workouts (in thousands)	6,157	17,856	52,151
Average Monthly Workouts per Connected Fitness Subscriber	7.5	8.4	11.5
Subscription Gross Profit (in millions)	$ 3.2	$ 34.7	$ 77.4
Subscription Contribution (in millions)(1)	$ 4.4	$ 38.0	$ 91.9
Subscription Gross Margin	9.7%	43.3%	42.7%
Subscription Contribution Margin(1)	13.5%	47.5%	50.8%
Net Loss (in millions)	$ (71.1)	$ (47.9)	$ (195.6)
Adjusted EBITDA (in millions)(2)	$ (51.8)	$ (30.4)	$ (71.3)
Adjusted EBITDA Margin(2)	(23.7)%	(7.0)%	(7.8)%

(1) Please see the section titled "Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures" for a reconciliation of gross profit to Subscription Contribution and an explanation for why we consider Subscription Contribution to be a helpful metric for investors.

(2) Please see the section titled "Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures" for a reconciliation of net loss to Adjusted EBITDA and an explanation for why we consider Adjusted EBITDA to be a helpful metric for investors.

Connected Fitness Subscribers

Our ability to expand the number of Connected Fitness Subscribers is an indicator of our market penetration and growth. A Connected Fitness Subscriber can represent a person, household or commercial property, such as a hotel or residential building.

A Connected Fitness Subscription is either a paid Connected Fitness Subscriber (a Connected Fitness Subscription with a successful credit card billing or with prepaid subscription credits or waivers) or paused Connected Fitness Subscriber (a Connected Fitness Subscription where the Subscriber has requested to "Pause" for up to 3 months). We do not include canceled or unpaid Connected Fitness Subscriptions in the Connected Fitness Subscriber count.

Average Net Monthly Connected Fitness Churn

We use Average Net Monthly Connected Fitness Churn to measure the retention of our Connected Fitness Subscribers. We define Average Net Monthly Connected Fitness Churn as Connected Fitness Subscriber cancellations, net of reactivations, in the quarter, divided by the average number of beginning Connected Fitness Subscribers in each month, divided by three months. This metric does not include data related to our Digital Subscribers.

Total Workouts and Average Monthly Workouts per Connected Fitness Subscriber

We review Total Workouts and Average Monthly Workouts per Connected Fitness Subscriber to measure engagement, which is the leading indicator of retention for our Connected Fitness Subscribers. We define Total Workouts as all workouts completed during a given period. We define a Workout as a Connected Fitness Subscriber either completing at least 50% of an instructor-led or scenic ride or run or ten or more minutes of "Just Ride" or "Just Run" mode. We define Average Monthly Workouts per Connected Fitness Subscriber as the Total Workouts completed in the quarter divided by the average number of Connected Fitness Subscribers in each month, divided by three months.

Subscription Contribution and Subscription Contribution Margin

We use Subscription Contribution and Subscription Contribution Margin to measure our ability to scale and leverage the costs of our Connected Fitness Subscriptions and measure Connected Fitness Subscriber Lifetime Value. The continued growth of our Connected Fitness Subscriber base will allow us to improve our Subscription Contribution Margin and

aggregate Connected Fitness Subscriber Lifetime Value. While there are variable costs, including music royalties, associated with our Connected Fitness Subscriptions, a significant portion of our content creation costs are fixed given that we operate with a limited number of production studios and instructors. The fixed nature of those expenses should scale over time as we grow our Connected Fitness Subscriber base.

We define Subscription Contribution as subscription revenue less cost of subscription revenue, adjusted to exclude depreciation and amortization expense, and stock-based compensation expense. Subscription Contribution Margin is calculated by dividing Subscription Contribution by subscription revenue. See the section titled "Selected Consolidated Financial and Other Data—Subscription Contribution and Subscription Contribution Margin" for information regarding our use of Subscription Contribution and Subscription Contribution Margin and a reconciliation of Subscription Contribution to subscription gross profit.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA Margin are key performance measures that our management uses to assess our operating performance and the operating leverage in our business. Because Adjusted EBITDA and Adjusted EBITDA Margin facilitate internal comparisons of our historical operating performance on a more consistent basis, we use these measures for business planning purposes. We also believe this information will be useful for investors to facilitate comparisons of our operating performance and better identify trends in our business. We expect Adjusted EBITDA Margin to increase over the long-term as we continue to scale our business and achieve greater leverage in our operating expenses.

We calculate Adjusted EBITDA as net loss adjusted to exclude other (expense) income, provision for (benefit from) income taxes, depreciation and amortization expense, stock-based compensation expense, transaction costs, certain litigation expenses, consisting of legal settlements and related fees for specific proceedings that arise outside of the ordinary course of our business, and non-cash ground lease expense related to build-to-suit obligations. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by total revenue. See the section titled "Selected Consolidated Financial and Other Data—Adjusted EBITDA and Adjusted EBITDA Margin" for information regarding our use of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net loss.

Components of our Operating Results

We operate and manage our business in three reportable segments: Connected Fitness Products, Subscription, and Other. We identify our reportable segments based on the information used by management to monitor performance and make operating decisions. See Note 17 of the notes to our consolidated financial statements included elsewhere in this prospectus for additional information regarding our reportable segments.

Revenue

Connected Fitness Products

Connected Fitness Product revenue consists of sales of our Bike and Tread and related accessories, associated fees for delivery and installation, and extended warranty agreements. Connected Fitness Product revenue is recognized at the time of delivery and is recorded net of returns and discounts and third-party financing program fees.

Subscription

Subscription revenue consists of revenue generated from our monthly $39.00 Connected Fitness Subscription and $19.49 Digital Subscription. Subscription revenue also includes revenue generated from guests who pay to take a live class in one of our studios, which has been immaterial to date.

Historically, we offered a prepaid subscription option where Members earned one free month or three free months of subscription with the upfront purchase of a 12-month subscription or 24-month subscription, respectively. We also offered Connected Fitness Subscribers the ability to purchase a 12-, 24-, or 39-month prepaid subscription with the purchase of a Connected Fitness Product as part of our financing program, which provides 0% APR financing to qualified customers over a term of up to 39 months. The associated financing fees are paid to our third-party partner at the outset of the arrangement and are recorded as a reduction to Subscription revenue over the contract term. We terminated both offerings by July 2018 at which point all subsequent future subscriptions became month-to-month. As of June 30, 2019, 89% of our Connected Fitness Subscribers were paying month-to-month subscriptions. We will continue to see an impact to subscription revenue until fiscal 2022 as the revenue under legacy prepaid subscriptions is earned ratably over the remaining service period, which extends up to 39 months from the initial date of subscription activation.

Other
Other revenue primarily consists of Peloton branded apparel.

Cost of Revenue

Connected Fitness Products
Connected Fitness Product cost of revenue consists of Bike and Tread product costs, including manufacturing costs, duties and other applicable importing costs, shipping and handling costs, packaging, warranty replacement costs, fulfillment costs, warehousing costs, and certain allocated costs related to management, facilities, and personnel-related expenses associated with supply chain logistics. As we launch new Connected Fitness Products, such as the Tread, and continue to grow our presence in new regions where we have not yet achieved economies of scale, we expect to incur higher cost of revenue (as a percentage of sales) for our Connected Fitness Products.

Subscription
Subscription cost of revenue includes costs associated with content creation and costs to stream content to our Members. These costs consist of both fixed costs, including studio rent and occupancy, other studio overhead, instructor and production personnel-related expenses, as well as variable costs, including music royalty fees, content costs for past use, third-party platform streaming costs and payment processing fees for our monthly subscription billings. While our fixed costs currently represent the majority of these costs, music royalty fees are our largest subscription variable cost. As we have grown the number of licensing agreements with music rights holders, music royalty fees as a percent of our subscription revenue has increased. However, unlike music streaming services where having an exhaustive music catalog is vital to be able to compete for customers, we have control over what music we select for our classes. As a result, we expect to be able to manage music expense such that, over time, these fees as a percentage of subscription revenue will flatten, or even decrease.

Other
Other cost of revenue consists primarily of apparel costs, as well as related warehousing and fulfillment costs.

Operating Expenses

Research and Development
Research and development expense primarily consists of personnel and facilities-related expenses, consulting and contractor expenses, tooling and prototype materials, and software platform expenses. We capitalize certain qualified costs incurred in connection with the development of internal-use software which may also cause research and development expenses to vary from period to period. We expect our research and development expenses to increase in absolute dollars in future periods and vary from period to period as a percentage of total revenue as we continue to hire personnel to develop new and enhance existing Connected Fitness Products and interactive software.

Sales and Marketing
Sales and marketing expense consists of performance marketing media spend, asset creation, and other brand creative, all showroom expenses and related lease payments, payment processing fees incurred in connection with the sale of our Connected Fitness Products, sales and marketing personnel-related expenses, and all expenses related to Peloton Digital. We intend to continue to invest in our sales and marketing capabilities in the future and expect this expense to increase in absolute dollars in future periods as we release new products and expand internationally. Sales and marketing expense as a percentage of total revenue may fluctuate from period to period based on total revenue and the timing of our investments in our sales and marketing functions as these investments may vary in scope and scale over future periods.

General and Administrative
General and administrative expense includes personnel-related expenses and facilities-related costs primarily for our executive, finance, accounting, legal, human resources, and IT functions. General and administrative expense also includes fees for professional services principally comprised of legal, audit, tax and accounting services, and insurance.

Following the completion of this offering, we expect to incur additional general and administrative expenses as a result of operating as a public company, including expenses related to compliance and reporting obligations of public companies,

and increased costs for insurance, investor relations expenses, and professional services. As a result, we expect that our general and administrative expenses will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue, but we expect to leverage these expenses over time as we grow our revenue and Connected Fitness Subscriber base.

Other (Expense) Income, Net
Other (expense) income, net consists of interest (expense) income associated with our debt financing arrangements, amortization of debt issuance costs and interest income earned on investments.

Provision for (Benefit From) Income Taxes
The provision for (benefit from) income taxes consists primarily of income taxes related to foreign and state jurisdictions in which we conduct business. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is more likely than not that the deferred assets will not be utilized.

Significant Impacts of Stock-Based Compensation Expense

Tender Offers
In April 2017, we commenced a cash tender offer, which was completed in June 2017, for the repurchase of shares of our outstanding common stock and redeemable convertible preferred stock from existing stockholders, including current and former employees, which had a significant impact on our stock-based compensation expense for fiscal 2017. In the 2017 tender offer, we repurchased an aggregate of 9,661,156 shares of our capital stock. The purchase price per share in the tender offer was in excess of the fair value of our outstanding common stock at the time of the transaction and accordingly, upon the completion of the transaction, we recorded $8.3 million as stock-based compensation expense related to the excess of the selling price per share of common stock paid to our employees over the fair value of the tendered shares.

In August 2018, we commenced a cash tender offer, which was completed in October 2018, for the repurchase of shares of our outstanding common stock and redeemable convertible preferred stock from existing stockholders, including current and former employees, which had a significant impact on our stock-based compensation expense for fiscal 2019. In the 2018 tender offer, we repurchased an aggregate of 9,264,518 shares of our capital stock. The purchase price per share in the tender offer was in excess of the fair value of our outstanding common stock at the time of the transaction and accordingly, upon the completion of the transaction, we recorded $28.2 million as stock-based compensation expense related to the excess of the selling price per share of common stock paid to our employees over the fair value of the tendered shares.

Additionally, for shares held less than six months and thus deemed to not be subject to market risks, we recorded a liability for the maximum number of shares that were eligible for the tender offer when it became probable that the event allowing for the redemption would occur. To the extent that this liability exceeded amounts previously recognized in equity, the excess was recognized as compensation cost. As a result of this liability, we recognized an additional stock-compensation expense of $33.5 million. See Note 12 of the notes to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

The total stock-based compensation expense related to the tender offers impacted fiscal 2017 and the first and second quarters of fiscal 2019 as follows:

	Fiscal Year Ended June 30, 2017	Three Months Ended Sept. 30, 2018	Three Months Ended Dec. 31, 2018
		(unaudited)	
		(in millions)	
Cost of revenue:			
Connected Fitness Products	$ —	$ —	$ —
Subscription	—	0.9	0.2
Other	—	—	—
Total cost of revenue	—	0.9	0.2
Research and development	—	2.5	1.3
Sales and marketing	—	3.9	2.3
General and administrative	8.3	26.2	24.4
Total stock-based compensation expense	$ 8.3	$ 33.5	$ 28.2

Results of Operations

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

	Fiscal Year Ended June 30, 2017	2018	2019
		(in millions)	
Consolidated Statement of Operations Data:			
Revenue:			
Connected Fitness Products	$ 183.5	$ 348.6	$ 719.2
Subscription	32.5	80.3	181.1
Other	2.6	6.2	14.7
Total revenue	218.6	435.0	915.0
Cost of revenue(1)(2):			
Connected Fitness Products	113.5	195.0	410.8
Subscription(3)	29.3	45.5	103.7
Other	1.9	4.9	17.0
Total cost of revenue	144.7	245.4	531.4
Gross profit	73.9	189.6	383.6
Operating expenses:			
Research and development(1)(2)	13.0	23.4	54.8
Sales and marketing(1)(2)	86.0	151.4	324.0
General and administrative(1)(2)	45.6	62.4	207.0
Total operating expenses	144.7	237.1	585.8
Loss from operations	(70.7)	(47.5)	(202.3)
Other (expense) income, net	(0.3)	(0.3)	6.7
Loss before provision for income taxes	(71.1)	(47.8)	(195.6)
Provision for income taxes	—	0.1	0.1
Net loss	$ (71.1)	$ (47.9)	$ (195.6)

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

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Cost of revenue:			
Connected Fitness Products	$ —	$ —	$ 0.3
Subscription	0.1	0.5	3.2
Other	—	—	—
Total cost of revenue	0.1	0.5	3.5
Research and development	0.4	0.8	7.1
Sales and marketing	0.4	0.7	8.4
General and administrative	9.5	6.5	70.5
Total stock-based compensation expense	$ 10.3	$ 8.5	$ 89.5

(2) Includes depreciation and amortization expense as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Cost of revenue:			
Connected Fitness Products	$ 0.4	$ 0.3	$ 1.2
Subscription	1.2	2.8	11.3
Other	—	—	—
Total cost of revenue	1.6	3.1	12.6
Research and development	—	—	—
Sales and marketing	1.0	1.7	4.0
General and administrative	1.1	1.8	5.2
Total depreciation and amortization expense	$ 3.7	$ 6.6	$ 21.7

(3) Included in subscription cost of revenue are content costs for past use as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Content costs for past use	$ 15.5	$ 14.5	$ 16.4

From time-to-time, we execute music royalty agreements with various music rights holders. As part of these go-forward license agreements, we may also enter into agreements whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in our content in exchange for a mutually-agreed payment. We refer to these payments as content costs for past use.

Comparison of the Years Ended June 30, 2017, 2018, and 2019

Revenue

	Fiscal Year Ended June 30,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
	(dollars in millions)				
Revenue:					
Connected Fitness Products	$ 183.5	$ 348.6	$ 719.2	89.9%	106.3%
Subscription	32.5	80.3	181.1	147.3	125.6
Other	2.6	6.2	14.7	135.5	137.9
Total revenue	$ 218.6	$ 435.0	$ 915.0	99.0	110.3
Percentage of total revenue:					
Connected Fitness Products	84.0%	80.1%	78.6%		
Subscription	14.8	18.5	19.8		
Other	1.2	1.4	1.6		
Total	100.0%	100.0%	100.0%		

2018 Compared to 2019

Connected Fitness Products revenue for fiscal 2019 increased $370.7 million, or 106.3%, compared to fiscal 2018. This increase was primarily attributable to the significant growth in the number of Connected Fitness Products delivered during the period.

Subscription revenue for fiscal 2019 increased $100.8 million, or 125.6%, compared to fiscal 2018. This increase was primarily attributable to the growth in our Connected Fitness Subscribers from 245,667 to 511,202 during the period. The growth of our Connected Fitness Subscribers was primarily driven by the increased number of Connected Fitness Products delivered during the period and our low Average Net Monthly Connected Fitness Churn of 0.65% for fiscal 2019.

Other revenue for fiscal 2019 increased $8.5 million, or 137.9%, compared to fiscal 2018. The increase was primarily attributable to the growth of our branded apparel sales during the period.

2017 Compared to 2018

Connected Fitness Products revenue for fiscal 2018 increased $165.0 million, or 89.9%, compared to fiscal 2017. This increase was primarily attributable to the significant growth in the number of Connected Fitness Products delivered during the period.

Subscription revenue for fiscal 2018 increased $47.8 million, or 147.3%, compared to fiscal 2017. This increase was primarily attributable to the growth in our Connected Fitness Subscribers from 107,708 to 245,667 during the period. The growth of our Connected Fitness Subscribers was primarily driven by the increased number of Connected Fitness Products delivered during the period and our low Average Net Monthly Connected Fitness Churn of 0.64% in fiscal 2018.

Other revenue for fiscal 2018 increased $3.6 million, or 135.5%, compared to fiscal 2017. This increase was primarily attributable to the growth of our branded apparel sales during the period.

Cost of Revenue, Gross Profit, and Gross Margin

	Fiscal Year Ended June 30,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
	(dollars in millions)				
Cost of Revenue:					
Connected Fitness Products	$ 113.5	$ 195.0	$ 410.8	71.7%	110.7%
Subscription	29.3	45.5	103.7	55.4	127.7
Other	1.9	4.9	17.0	163.3	247.7
Total cost of revenue	$ 144.7	$ 245.4	$ 531.4	69.6	116.6
Gross Profit:					
Connected Fitness Products	$ 70.0	$ 153.6	$ 308.4	119.4%	100.8%
Subscription	3.2	34.7	77.4	NM	122.9
Other	0.8	1.3	(2.3)	68.6	NM
Total gross profit	$ 73.9	$ 189.6	$ 383.6	156.5	102.3
Gross Margin:					
Connected Fitness Products	38.1%	44.1%	42.9%		
Subscription	9.7	43.3	42.7		
Other	29.3	21.0	(15.5)		

* NM—Not meaningful

2018 Compared to 2019

Connected Fitness Products cost of revenue for fiscal 2019 increased $215.8 million, or 110.7%, compared to fiscal 2018. This increase was primarily driven by costs associated with the growth in the number of Connected Fitness Products delivered during the period.

Our Connected Fitness Products gross margin decreased slightly due to the increasing mix of deliveries of Tread, partially offset by cost efficiencies achieved in the manufacturing of our Bike.

Subscription cost of revenue for fiscal 2019 increased $58.2 million, or 127.7%, compared to fiscal 2018. This increase was primarily driven by an increase of $23.1 million in music royalty and streaming delivery fees driven by increased usage of our platform, an increase of $14.0 million in personnel-related expenses due to our introduction of the Tread and other new fitness and wellness verticals such as yoga and meditation, and expansion into the United Kingdom, an increase of $8.5 million in depreciation and amortization expense driven by our acquired developed technology, and an increase of $4.6 million in occupancy costs associated with lease commencement for our two new production studios in New York City and London.

Subscription gross margin decreased by 53 basis points from fiscal 2018 to fiscal 2019 as we invested in new initiatives discussed above, partially offset by leveraging the fixed costs of content production as we scaled our Connected Fitness Subscriber base. Included in subscription cost of revenue are content costs for past use of $14.5 million and $16.4 million for fiscal 2018 and 2019, respectively. These costs had a negative basis point impact on subscription gross margin of 1,805 and 908 for fiscal 2018 and 2019, respectively.

Other cost of revenue for fiscal 2019 increased $12.1 million, or 247.7%, compared to fiscal 2018. This increase was primarily attributable to the growth of our branded apparel sales during the period as well as an increase in our apparel inventory reserves.

Other gross margin decreased during fiscal 2019 compared to fiscal 2018 due to an increase in our apparel inventory reserves.

2017 Compared to 2018

Connected Fitness Products cost of revenue for fiscal 2018 increased $81.5 million, or 71.7%, compared to fiscal 2017. This increase was primarily driven by the growth in the number of Connected Fitness Products delivered during the period. We gained significant efficiencies in manufacturing costs resulting in a 592 basis point improvement in Connected Fitness Product gross margin from fiscal 2017 to fiscal 2018.

Subscription cost of revenue for fiscal 2018 increased $16.2 million, or 55.4%, compared to fiscal 2017. This increase was primarily driven by a $10.9 million increase in music royalty and streaming delivery fees, a $2.7 million increase in personnel-related expenses as we continued to grow our content offering for the Tread, and a $1.6 million increase in depreciation and amortization expense. We also incurred an additional $1.3 million in production studio occupancy costs primarily attributable to the opening of a second production studio in June 2017 to support Tread content creation.

Subscription gross margin significantly improved by 3,356 basis points from fiscal 2017 to fiscal 2018. This was primarily driven by the impact of content costs for past use of $15.5 million and $14.5 million for fiscal 2017 and 2018, respectively, which more adversely impacted gross margin for fiscal 2017 given the lower Connected Fitness Subscriber base. These content costs for past use had a negative basis point impact on subscription gross margin of 4,788 and 1,805 for fiscal 2017 and 2018, respectively. We drove further margin improvements by leveraging fixed costs of content production while scaling our Connected Fitness Subscriber base in fiscal 2018.

Other cost of revenue for fiscal 2018 increased $3.0 million, or 163.3%, compared to fiscal 2017. This increase was primarily attributable to the growth of our branded apparel sales.

Operating Expenses

Research and Development

	Fiscal Year Ended June 30,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
	(dollars in millions)				
Research and development	$ 13.0	$ 23.4	$ 54.8	79.1%	134.7%
As a percentage of total revenue	*6.0%*	*5.4%*	*6.0%*		

2018 Compared to 2019

Research and development expense for fiscal 2019 increased $31.5 million, or 134.7%, compared to fiscal 2018. This increase was due primarily to an increase in personnel-related expenses, which, excluding stock-based compensation expense, increased $16.8 million, due to increased headcount. Stock-based compensation expense increased $6.3 million, of which $3.8 million was related to incremental costs associated with the tender offer completed in October 2018.

2017 Compared to 2018

Research and development expenses for fiscal 2018 increased $10.3 million, or 79.1%, compared to fiscal 2017. This increase was due primarily to increases of $3.9 million in product development and research costs, $3.3 million in personnel-related expenses, excluding stock-based compensation expense, resulting from increased headcount, and $1.1 million in web hosting fees to create new, as well as improve existing products and interactive software features on our platform.

Sales and Marketing

	Fiscal Year Ended June 30,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
	(dollars in millions)				
Sales and marketing	$ 86.0	$ 151.4	$ 324.0	76.0%	114.1%
As a percentage of total revenue	*39.3%*	*34.8%*	*35.4%*		

2018 Compared to 2019

Sales and marketing expense for fiscal 2019 increased $172.6 million, or 114.1%, compared to fiscal 2018. The increase was due primarily to increased spending of $117.4 million on advertising and marketing programs. In addition, personnel-related expenses, excluding stock-based compensation expense, increased by $22.2 million due to increased headcount, expenses related to our showrooms and microstores increased by $15.3 million due to our addition of 39 global retail locations, and stock-based compensation expense increased $7.7 million, of which $6.2 million was related to incremental costs associated with the tender offer completed in October 2018.

2017 Compared to 2018

Sales and marketing expense for fiscal 2018 increased $65.4 million, or 76.0%, compared to fiscal 2017. This increase was primarily driven by $44.3 million in increased marketing costs, $8.2 million of increased personnel-related expenses, $5.4 million of increased payment processing fees, and $5.2 million of additional costs related to 12 additional retail locations we added in the period.

General and Administrative

	Fiscal Year Ended June 30,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
	(dollars in millions)				
General and administrative	$ 45.6	$ 62.4	$ 207.0	36.8%	231.5%
As a percentage of total revenue	*20.9%*	*14.4%*	*22.6%*		

2018 Compared to 2019

General and administrative expense for fiscal 2019 increased $144.6 million, or 231.5%, compared to fiscal 2018. The increase was due primarily to an increase of $64.1 million in stock-based compensation expense, of which $50.6 million related to the tender offer completed in October 2018. Professional fees, comprised of legal, accounting, and consulting fees, increased by $24.4 million. In addition, personnel-related expenses, excluding stock-based compensation expense, increased by $22.7 million due to increased headcount. We also incurred an additional $8.4 million expense relating to new system implementations and software licenses to support our growth and scale our operations, and facilities costs increased $12.9 million, of which $7.2 million was lease expense related to build-to-suit obligations.

2017 Compared to 2018

General and administrative expense for fiscal 2018 increased $16.8 million, or 36.8%, compared to fiscal 2017. The increase was primarily due to an additional $6.5 million in professional services fees, $6.4 million in personnel-related expenses, excluding stock-based compensation expense, due to increased headcount, $2.5 million in new system implementations and licenses to support our growth and scale our operations, and $2.3 million of facilities costs from additional leased office space. These costs were partially offset by a decrease of $3.0 million in stock-based compensation expense due to an incremental $8.3 million charge incurred in fiscal 2017 related to the tender offer completed in June 2017.

Other Income (Expense), Net and Provision for (Benefit from) Income Taxes

	Fiscal Year Ended June 30,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
	(dollars in millions)				
Other (expense) income, net	$ (0.3)	$ (0.3)	$ 6.7	22.8%	NM
Provision for income taxes	—	0.1	0.1	NM	NM

*NM—not meaningful

Other (expense) income, net, was $6.7 million for fiscal 2019 compared to $(0.3) million for fiscal 2018. The increase in other (expense) income, net, was primarily due to $8.2 million of interest earned on cash, cash equivalents, and short-term investments, partially offset by a $1.0 million increase in interest expense incurred under our Credit Agreement.

2017 Compared to 2018

Other (expense) income, net, for fiscal 2018 was $(0.3) million compared to $(0.3) million for fiscal 2017. An increase of $0.5 million in interest earned on cash, cash equivalents and short-term investments was partially offset by a $0.4 million increase in interest expense incurred under our Credit Agreement and the associated amortization of deferred financing costs.

Quarterly Results of Operations and Key Metrics

Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the eight quarters in the period ended June 30, 2019. The information for each of these quarters has been prepared on a basis consistent with our audited annual consolidated financial statements appearing elsewhere in this prospectus and, in our opinion, include all normal recurring adjustments necessary for the fair statement of the financial information contained in those statements. The following unaudited consolidated quarterly financial data should be read in conjunction with our annual consolidated financial statements and the related notes included elsewhere in this prospectus. These quarterly results are not necessarily indicative of our operating results for a full year or any future period.

	Three Months Ended							
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
	(unaudited) (in millions)							
Revenue:								
Connected Fitness Products	$ 41.1	$ 111.7	$ 118.1	$ 77.6	$ 77.9	$ 221.3	$ 261.6	$ 158.4
Subscription	14.3	16.5	22.5	27.0	31.7	37.3	51.1	61.0
Other	0.8	1.6	1.8	2.0	2.5	4.2	4.0	4.0
Total revenue	56.2	129.8	142.4	106.6	112.1	262.9	316.7	223.3
Cost of revenue:								
Connected Fitness Products	24.3	61.6	66.3	42.8	42.2	126.5	152.3	89.7
Subscription	9.5	8.2	14.6	13.2	16.3	20.3	38.0	29.1
Other	0.7	1.2	1.2	1.8	2.1	4.6	5.8	4.4
Total cost of revenue	34.5	70.9	82.1	57.9	60.6	151.5	196.1	123.2
Gross profit	21.7	58.8	60.3	48.7	51.5	111.3	120.6	100.1
Operating expenses:								
Research and development	4.8	4.9	6.9	6.7	11.6	12.4	13.8	17.0
Sales and marketing	21.6	44.9	52.3	32.5	45.5	99.5	101.1	77.9
General and administrative	12.2	13.2	16.5	20.6	50.0	55.4	47.0	54.6
Total operating expenses	38.6	63.0	75.7	59.8	107.1	167.3	162.0	149.5
Loss from operations	(17.0)	(4.1)	(15.4)	(11.1)	(55.6)	(56.0)	(41.4)	(49.4)
Other (expense) income , net	—	(0.3)	(0.2)	0.2	1.0	0.9	3.0	1.8
Loss before provision for income taxes	(17.0)	(4.4)	(15.6)	(10.9)	(54.5)	(55.1)	(38.4)	(47.6)
Provision for income taxes	—	—	—	0.1	—	—	0.2	(0.1)
Net loss	$ (17.0)	$ (4.4)	$ (15.6)	$ (10.9)	$ (54.5)	$ (55.1)	$ (38.6)	$ (47.4)

	Three Months Ended							
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
	(unaudited) (as a percentage of total revenue)							
Revenue:								
Connected Fitness Products	73.2%	86.1%	82.9%	72.9%	69.5%	84.2%	82.6%	70.9%
Subscription	25.5	12.7	15.8	25.3	28.3	14.2	16.1	27.3
Other	1.4	1.2	1.3	1.8	2.2	1.6	1.3	1.8
Total revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of revenue:								
Connected Fitness Products	43.2%	47.5%	46.5%	40.2%	37.7%	48.1%	48.1%	40.2%
Subscription	16.9	6.3	10.3	12.4	14.5	7.7	12.0	13.0
Other	1.2	0.9	0.8	1.7	1.9	1.8	1.8	2.0
Total cost of revenue	61.4	54.7	57.6	54.3	54.1	57.6	61.9	55.2
Gross profit	38.6	45.3	42.4	45.7	45.9	42.4	38.1	44.8
Operating expenses:								
Research and development	8.6	3.8	4.9	6.3	10.3	4.7	4.4	7.6
Sales and marketing	38.4	34.6	36.7	30.5	40.5	37.9	31.9	34.9
General and administrative	21.7	10.2	11.6	19.3	44.6	21.1	14.9	24.4
Total operating expenses	68.8	48.5	53.2	56.1	95.5	63.6	51.1	66.9
Loss from operations	(30.2)	(3.2)	(10.8)	(10.4)	(49.5)	(21.3)	(13.1)	(22.1)
Other (expense) income, net	(0.1)	(0.2)	(0.1)	0.2	0.9	0.3	0.9	0.8
Loss before provision for income taxes	(30.2)	(3.4)	(10.9)	(10.2)	(48.6)	(21.0)	(12.1)	(21.3)
Provision for income taxes	—	—	—	—	—	—	0.1	(0.1)
Net loss	(30.2)%	(3.4)%	(10.9)%	(10.3)%	(48.6)%	(21.0)%	(12.2)%	(21.2)%

Quarterly Trends

Revenue

Our revenue from our Connected Fitness Products typically varies seasonally and we have historically experienced higher levels of Connected Fitness Products revenue in the second and third quarters of each fiscal year as compared to other quarters due in large part to seasonal holiday demand, New Year's resolutions, and cold weather.

Subscription revenue increased in each of the quarters presented primarily due to Connected Fitness Subscriber growth and low Average Net Monthly Connected Fitness Churn.

Cost of Revenue

Connected Fitness Products cost of revenue has fluctuated in line with Connected Fitness Products revenue for all periods presented due primarily to costs associated with sales of Connected Fitness Products.

Our subscription cost of revenue generally increased each quarter as a result of increases in music royalties, streaming, and platform costs, as well as payment processing fees. We saw fluctuations in the third quarters of fiscal 2018 and fiscal 2019 due to content costs for past use.

Operating Expenses

Research and development expense increased for all periods presented, primarily due to personnel-related expenses as we have continued to increase our headcount to support product and platform innovation.

Sales and marketing expense increased in the second and third quarter of each fiscal year due to an increase in expenses associated with advertising costs and other marketing programs for the holiday season. In addition, sales and marketing expenses increased as a result of higher personnel-related expenses and occupancy costs as we increased headcount and number of showrooms to support our growth.

General and administrative expense generally increased for all periods presented, primarily due to increases in personnel-related expenses, facilities costs, and professional service fees as we grow our business and scale operations. We saw a significant increase in general and administrative expenses in the first and second quarters of fiscal 2019 related to stock-based compensation expense associated with the tender offer completed in October 2018.

Adjusted EBITDA and Adjusted EBITDA Margin
Set forth below is a reconciliation of Adjusted EBITDA to net loss for the periods presented:

	Three Months Ended							
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
	(unaudited) (dollars in millions)							
Net loss(1)	$ (17.0)	$ (4.4)	$ (15.6)	$ (10.9)	$ (54.5)	$ (55.1)	$ (38.6)	$ (47.4)
Adjusted to exclude the following:								
Other (expense) income, net	—	(0.3)	(0.2)	0.2	1.0	0.9	3.0	1.8
Provision for income taxes	—	—	—	0.1	—	—	0.2	(0.1)
Depreciation and amortization expense	1.1	1.4	1.5	2.6	4.2	5.0	5.8	6.7
Stock-based compensation expense	2.0	1.8	1.7	3.0	36.7	31.8	7.5	13.5
Transaction costs	—	—	—	0.5	—	—	—	0.4
Litigation expenses	0.2	0.1	0.6	0.7	1.2	2.8	5.8	2.3
Ground lease expense related to build-to-suit obligations	—	—	—	—	—	1.7	2.6	2.9
Adjusted EBITDA	$ (13.6)	$ (0.8)	$ (11.6)	$ (4.3)	$ (13.5)	$ (14.6)	$ (19.7)	$ (23.6)
Adjusted EBITDA margin	(24.2)%	(0.6)%	(8.2)%	(4.0)%	(12.0)%	(5.6)%	(6.2)%	(10.6)%

(1) Included in net loss are content costs for past use as follows:

	Three Months Ended							
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
	(unaudited) (in millions)							
Content costs for past use(1)	$ 3.5	$ 1.9	$ 6.5	$ 2.6	$ 2.9	$ 2.3	$ 11.3	$ —

(1) From time-to-time, we execute music royalty agreements with various music rights holders. As part of these go-forward license agreements, we may also enter into agreements whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in our content in exchange for a mutually-agreed payment. We refer to these payments as content costs for past use.

Starting in the quarter ended March 31, 2018, we began to incur significant costs related to certain growth initiatives including the introduction of our Tread, international expansion, and content investments which had an adverse impact on our Adjusted EBITDA. To support our growth, we have also begun to make investments in supply chain, product development, and a new headquarters in New York City which we expect will continue to impact our Adjusted EBITDA

Margin. Adjusted EBITDA was also more adversely impacted in certain quarters presented due to the variable nature of our content costs for past use. See the section titled "—Content Costs for Past Use" for additional information.

Subscription Contribution and Subscription Contribution Margin
Set forth below is a reconciliation of subscription gross profit to Subscription Contribution for the periods presented:

	Three Months Ended							
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
	(unaudited) (dollars in millions)							
Subscription revenue	$ 14.3	$ 16.5	$ 22.5	$ 27.0	$ 31.7	$ 37.3	$ 51.1	$ 61.0
Less: Cost of subscription(1)	9.5	8.2	14.6	13.2	16.3	20.3	38.0	29.1
Subscription gross profit	$ 4.8	$ 8.3	$ 7.9	$ 13.8	$ 15.4	$ 17.0	$ 13.1	$ 31.9
Subscription gross margin	33.4%	50.4%	35.0%	51.0%	48.7%	45.5%	25.6%	52.3%
Add back:								
Depreciation and amortization expense	$ 0.4	$ 0.4	$ 0.5	$ 1.5	$ 1.8	$ 2.6	$ 3.0	$ 3.8
Stock based compensation expense	0.1	0.1	0.1	0.2	1.2	0.6	0.6	0.8
Subscription Contribution	$ 5.3	$ 8.8	$ 8.5	$ 15.4	$ 18.5	$ 20.1	$ 16.7	$ 36.6
Subscription Contribution Margin	36.9%	53.6%	37.9%	57.1%	58.3%	54.0%	32.7%	60.0%

(1) Included in subscription cost of revenue are content costs for past use as follows:

	Three Months Ended							
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
	(unaudited) (in millions)							
Content costs for past use(1)	$ 3.5	$ 1.9	$ 6.5	$ 2.6	$ 2.9	$ 2.3	$ 11.3	$ —

(1) From time-to-time, we execute music royalty agreements with various music rights holders. As part of these go-forward license agreements, we may also enter into agreements whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in our content in exchange for a mutually-agreed payment. We refer to these payments as content costs for past use.

Our Subscription Contribution Margin has fluctuated over time due, in part, to the variable nature of our content costs for past use. See the section titled "—Content Costs for Past Use." Excluding content costs for past use, Subscription Contribution increased in each of the quarters presented primarily due to the growth of our Connected Fitness Subscriber base and our continued low Average Net Monthly Connected Fitness Churn. Excluding content costs for past use, Subscription Contribution Margin increased quarterly through September 30, 2018 as we continued to leverage our fixed content costs across our growing Connected Fitness Subscriber base. In the subsequent quarters we began to make significant investments in Tread content, including the leasing of a Tread studio, as well as expansion into new content verticals such as yoga and meditation. Starting in the quarter ended December 31, 2018, our Subscription Contribution costs also include rent expense for our new production studio in New York City, which caused our Subscription Contribution Margin to decline. Starting in the quarter ended March 31, 2019, our Subscription Contribution costs also include rent expense for our new London studio. In the quarter ended June 30, 2019, Subscription Contribution Margin increased and we expect to continue to leverage the largely fixed costs of our studio production as we scale our Connected Fitness Subscriber base.

Content Costs for Past Use

Included within Adjusted EBITDA and Subscription Contribution are content costs for past use as follows:

	Three Months Ended							
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
	(unaudited) (in millions)							
Content costs for past use	$ 3.5	$ 1.9	$ 6.5	$ 2.6	$ 2.9	$ 2.3	$ 11.3	$ —

From time-to-time, we execute music royalty agreements with various music rights holders. As part of these go-forward license agreements, we may also enter into agreements whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in our content in exchange for a mutually-agreed payment. We refer to these payments as content costs for past use. These costs can vary considerably from quarter to quarter since they represent our estimates of potential future release payments based upon license agreements previously entered into and the market share and size of the music rights holder. These estimates are subject to a variety of complex and evolving legal issues across many jurisdictions and are not predictable, which can result in fluctuation over time.

To date, we have entered into numerous agreements with major record labels and major publishers, independent labels and publishers, and major performing rights organizations to resolve instances of alleged past use while entering into go-forward license agreements with each of these parties. We have also improved upon a music content management and reporting system that allows our instructors to create class playlists from a selection of songs licensed to us. Based on these efforts, we believe that payments for content costs for past use will decrease over time and eventually be eliminated.

Other Quarterly Key Operational and Business Metrics

	Three Months Ended							
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
Connected Fitness Subscribers	123,416	168,788	217,889	245,667	276,957	362,388	457,109	511,202
Average Net Monthly Connected Fitness Churn	0.52%	0.49%	0.55%	0.85%	0.50%	0.52%	0.68%	0.79%
Total Workouts (in thousands)	2,501	3,231	5,902	6,223	7,069	9,336	17,988	17,759
Average Monthly Workouts per Connected Fitness Subscriber	7.1	7.4	9.6	8.7	8.9	9.7	13.9	12.0

Liquidity and Capital Resources

Our operations have been financed primarily through cash flow from operating activities, net proceeds from the sale of redeemable convertible preferred stock and borrowings under our Credit Agreement. As of June 30, 2019, we had cash and cash equivalents of $162.1 million and marketable securities of $216.0 million.

We believe our existing cash and cash equivalent balances, cash flow from operations, marketable securities portfolio, and amounts available for borrowing under our Credit Agreement will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our rate of revenue growth, the timing and extent of spending on research and development efforts and other growth initiatives, the expansion of sales and marketing activities, the timing of new Connected Fitness Product introductions, market acceptance of our Connected Fitness Products, and overall economic conditions. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in additional dilution to our stockholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. There can be no assurances that we will be able to raise additional capital. The inability to raise capital would adversely affect our ability to achieve our business objectives.

Amended and Restated Credit Agreement

In June 2019, we entered into the Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, lead arranger and bookrunner and Bank of America, N.A., Barclays Bank PLC, Goldman Sachs Lending Partners LLC, and Silicon Valley Bank, as joint syndication agents, which amended and restated the loan and security agreement we previously entered into in November 2017. The Credit Agreement provides for a $250.0 million secured revolving credit facility, including up to the lesser of $150.0 million and the aggregate unused amount of the facility for the issuance of letters of credit. Interest on the Credit Agreement is paid based on LIBOR plus 2.75% or an Alternative Base Rate plus 1.75%. We are required to pay an annual commitment fee of 0.375% on a quarterly basis based on the unused portion of the revolving credit facility. The principal amount, if any, is payable in full in June 2024. As of June 30, 2019, we had not drawn on the credit facility and did not have outstanding borrowings under the Credit Agreement.

We have the option to repay our borrowings under the Credit Agreement without premium or penalty prior to maturity. The Credit Agreement contains customary affirmative covenants, such as financial statement reporting requirements and delivery of borrowing base certificates, as well as customary covenants that restrict our ability to, among other things, incur additional indebtedness, sell certain assets, guarantee obligations of third parties, declare dividends or make certain distributions, and undergo a merger or consolidation or certain other transactions. The Credit Agreement also contains certain financial condition covenants, including maintaining a total level of liquidity of not less than $125.0 million and maintaining certain minimum total revenue ranging from $725 million to $1,985 million depending on the applicable date of determination. As of June 30, 2019, we were in compliance with the covenants under the Credit Agreement. As of June 30, 2019, we had outstanding letters of credit totaling $40.1 million issued primarily to cover security deposits for our operating lease and inventory purchase obligations.

Cash Flows

	Fiscal Year Ended June 30,		
	2017	2018	2019
		(in millions)	
Net cash flows provided by (used in) operating activities	$ (18.6)	$ 49.7	$ (108.6)
Net cash flows used in investing activities	(10.2)	(56.7)	(297.5)
Net cash flow from financing activities	143.6	3.1	417.2

Operating Activities

Net cash used in operating activities of $(108.6) million for fiscal 2019 was primarily due to a net loss of $195.6 million and a decrease in net change in operating assets and liabilities of $22.9 million, partially offset by non-cash adjustments of $109.8 million. The decrease in net operating assets and liabilities was primarily due to an $111.3 million increase in inventory levels as a result of our introduction of the Peloton Tread, as well as our expansion into the United Kingdom and Canada, and a $30.3 million increase in prepaid expenses and other current assets driven by general growth; partially offset by an $117.3 million increase in accounts payable and accrued expenses related to increased expenditures to support general business growth. Non-cash adjustments primarily consisted of stock-based compensation expense of $89.5 million of which $61.7 million related to a tender offer completed in October 2018.

Net cash provided by operating activities of $49.7 million for fiscal 2018 was primarily due to an increase in net change in operating assets and liabilities of $81.5 million and non-cash adjustments of $16.1 million, partially offset by a net loss of $47.9 million. The increase in net change in operating assets and liabilities was primarily due to a $63.0 million increase in deferred revenue associated with our prior Subscription offering launched in October 2017 whereby customers could purchase a subscription upfront for a 39-month term as well as overall growth in our sales of Connected Fitness Products, and a $41.0 million increase in accounts payable and accrued expenses related to growth of expenditures to support general business growth; partially offset by a $9.6 million increase in inventory levels and a $12.1 million increase in prepaid expenses and other current assets driven by general growth. Non-cash adjustments primarily consisted of stock-based compensation expense and depreciation and amortization expense.

Net cash used in operating activities of $18.6 million for fiscal 2017 was primarily due to a net loss of $71.1 million, partially offset by an increase in net change in operating assets and liabilities of $38.2 million and non-cash adjustments of

$14.3 million. The increase in net change in operating assets and liabilities was primarily due to a $22.1 million increase in accounts payable and accrued expenses related to growth of expenditures to support general business growth, and a $19.0 million increase in deferred revenue associated with overall growth in our sales of Connected Fitness Products. Non-cash adjustments primarily consisted of stock-based compensation expense.

Investing Activities

Cash used in investing activities for fiscal 2019 of $297.5 million was primarily related to the purchase of marketable securities of $249.8 million and capital expenditures of $83.0 million, partially offset by maturities of marketable securities of $36.0 million.

Cash used in investing activities for fiscal 2018 of $56.7 million was due to the cash portion of the acquisition of Neurotic Media of $28.7 million, net of cash acquired, and cash used of $28.0 million for capital expenditures. We acquired Neurotic Media primarily to automate and streamline content rights management and to enhance Member engagement through new music features. Of the total purchase consideration, $4.2 million has been recorded to goodwill, $24.8 million to acquired developed technology, and $0.1 million in tangible net assets.

Cash used in investing activities for fiscal 2017 of $10.2 million for capital expenditures.

Financing Activities

Net cash provided by financing activities of $417.2 million for fiscal 2019 was primarily related to net proceeds from issuance of Series F redeemable convertible preferred stock of $408.8 million, net of issuance costs and repurchases of common stock and preferred stock, as well as $9.3 million in proceeds from exercises of stock options.

Net cash provided by financing activities of $3.1 million for fiscal 2018 was primarily related to proceeds from exercises of stock options of $7.4 million, partially offset by $4.3 million in debt repayment and issuance costs.

Net cash provided by financing activities of $143.6 million for fiscal 2017 was primarily related to net proceeds from issuance of Series E redeemable convertible preferred stock of $145.6 million, net of issuance costs and repurchases of common stock and preferred stock, as well as proceeds from borrowings under our credit facility of $10.5 million. These amounts were partially offset by the $13.0 million debt repayment of our term loan and revolver.

Contractual Obligations and Other Commitments

The following table summarizes our contractual cash obligations as of June 30, 2019:

	Payments Due By Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(in millions)				
Operating lease obligations[1]	$ 784.9	$ 33.0	$ 99.1	$ 107.4	$ 545.4
Minimum guarantees[2]	42.0	13.3	28.7	—	—
Unused credit fee payments[3]	3.9	0.8	1.6	1.6	—
Total	$ 830.8	$ 47.0	$ 129.4	$ 109.0	$ 545.4

(1) Operating lease obligations relate to our office space, warehouses, production studios, and retail showrooms and microstores. The lease terms are between one and twenty-one years, and the majority of the lease agreements are renewable at the end of the lease period.

(2) We are subject to minimum royalty payments associated with our license agreements for the use of licensed content. See "Risk Factors—Risks Related to Our Business—We are party to many music license agreements that are complex and impose numerous obligations upon us that may make it difficult to operate our business, and a breach of such agreements could adversely affect our business, operating results, and financial condition."

(3) We are required to pay a commitment fee of 0.375% based on the unused portion of the revolving credit facility. As of June 30, 2019, we were contingently liable for approximately $40.1 million in standby letters of credit as security for our operating lease obligations.

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.

Purchase orders or contracts for the purchase of certain goods and services are not included in the table. We cannot determine the aggregate amount of such purchase orders that represent contractual obligations because purchase orders may represent authorizations to purchase rather than binding agreements. Our purchase orders are based on our current needs and are fulfilled by our suppliers and manufacturers within short periods of time. We subcontract with other companies to manufacture our products. During the normal course of business, we and our manufacturers procure components based upon a forecasted production plan. If we cancel all or part of the orders, we may be liable to our suppliers and manufacturers for the cost of the unutilized component orders or components purchased by our manufacturers.

In December 2017, we entered into a 21-year operating lease agreement for our new fitness programming hub in New York City. This lease commenced in October 2018, upon the date we took possession of the leased space and committed to make $99.5 million in minimum fixed payments over the term of the lease agreement, although cash payments for rental obligations under the lease do not begin until October 2019. This lease contains a renewal option for two additional five-year periods and includes a tenant improvement allowance of $3.0 million.

In November 2018, we entered into a 16-year operating lease agreement for space to be used as our new corporate headquarters in New York City. This lease is expected to commence in August 2019 when we take possession of the leased space and commit to pay $503.0 million in minimum fixed payments over the term of the lease. This lease contains a renewal option for an additional 10-year period and includes a tenant improvement allowance of $28.0 million.

Between July 1, 2019 and June 30, 2020, the end of our 2020 fiscal year, we anticipate making capital expenditures of approximately $250.0 million to $300.0 million, which will be largely attributable to the build out of our new headquarters in New York City, our investment in developing our New York and London production studios, and an increase in the number of showrooms that we operate.

In June 2019, we entered into an agreement to acquire a third party for approximately $50.0 million. The agreement is subject to standard closing conditions and third-party approvals. We expect to close the transaction in September 2019.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 30, 2019.

Quantitative and Qualitative Disclosure About Market Risk

Interest Rate Risk

We are primarily exposed to changes in short-term interest rates with respect to our cost of borrowing under our Credit Agreement. We monitor our cost of borrowing under our facility, taking into account our funding requirements, and our expectations for short-term rates in the future. A hypothetical 10% change in the interest rate on our Credit Agreement for all periods presented would not have a material impact on our financial statements.

Foreign Currency Risk

To date, all of our inventory purchases have been denominated in U.S. dollars. Our international sales are primarily denominated in foreign currencies and any unfavorable movement in the exchange rate between U.S. dollars and the currencies in which we conduct sales in foreign countries could have an adverse impact on our revenue. A portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies, which are also subject to fluctuations due to changes in foreign currency exchange rates. In addition, our suppliers incur many costs, including labor and supply costs, in other currencies. While we are not currently contractually obligated to pay increased costs due to changes in exchange rates, to the extent that exchange rates move unfavorably for our suppliers, they may seek to pass these additional costs on to us, which could have a material impact on our gross margins. Our operating results and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. However, we believe that the exposure to foreign currency fluctuation from operating expenses is relatively small at this time as the related costs do not constitute a significant portion of our total expenses. To date, we have not entered into derivatives or hedging transactions, as our exposure to foreign currency exchange rates has historically been partially hedged as our foreign currency denominated inflows have covered our foreign currency denominated expenses. However, we may enter into derivative or hedging transactions in the future if our exposure to foreign currency should become more significant.

Inflation Risk

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

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. In preparing the consolidated financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, stockholders' equity/deficit, revenue, expenses, and related disclosures. We re-evaluate our estimates on an on-going basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because of the uncertainty inherent in these matters, actual results may differ from these estimates and could differ based upon other assumptions or conditions. The critical accounting policies that reflect our more significant judgments and estimates used in the preparation of our consolidated financial statements include those noted below.

Revenue Recognition

Our primary source of revenues are from sales of our Connected Fitness Products including our Bike and Tread, related accessories, and monthly Connected Fitness Subscriptions.

We determine revenue recognition through the following steps in accordance with Topic 606 which we adopted as of July 1, 2018 on a full retrospective basis:

- 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; and
- recognition of revenue when, or as, we satisfy a performance obligation.

Revenue is recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Our revenue is reported net of sales returns and discounts, which to date have not been material to our financial statements. We estimate our liability for product returns based on historical return trends by product category and seasonality and an evaluation of current economic and market conditions, and record the expected customer refund liability as a reduction to revenue, and the expected inventory right of recovery as a reduction of cost of revenue. If actual return costs differ from previous estimates, the amount of the liability and corresponding revenue are adjusted in the period in which such costs occur.

Some of our contracts with customers contain multiple performance obligations. For customer contracts that include multiple performance obligations, we account for individual performance obligations if they are distinct. The transaction price is then allocated to each performance obligation based on its standalone selling price. We generally determine standalone selling price based on the prices charged to customers.

Deferred revenue is recorded for nonrefundable cash payments received for our performance obligation to transfer or stand ready to transfer, goods or services in the future. Deferred revenue consists of Subscription fees billed that have not been recognized. Customer deposits represent payments received in advance in instances where the revenue contract is cancelable in nature, and therefore, we do not have an unconditional obligation to transfer control to a customer.

Product Warranty

We offer a standard product warranty that our products will operate under normal, non-commercial use for a period of one-year from the date of original delivery. We have the obligation, at our option, to either repair or replace a defective product. At the time revenue is recognized, an estimate of future warranty costs is recorded as a component of cost of revenue. The estimate of future warranty costs is based on historical as well as current product failure rates, service delivery costs incurred in correcting product failures, and warranty policies. We regularly review these estimates to assess the appropriateness of our recorded warranty liabilities and adjust the amounts as necessary. Should actual product

failures, use of materials or other costs differ from our estimates, additional warranty liabilities could be incurred, which could materially affect our results of operations. The estimates and assumptions used to reserve for product warranty have been accurate in all material respects and have not materially changed historically.

Goodwill and Intangible Assets

Goodwill represents the excess of the aggregate of the consideration transferred and the fair value of any non-controlling interest recognized, if any, over the fair value of identifiable assets acquired and liabilities assumed in a business combination.

Intangible assets other than goodwill are comprised of acquired developed technology. At initial recognition, intangible assets acquired in a business combination are recognized at their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any, and are amortized on a straight-line basis over the estimated useful life of the asset, which was determined based on management's estimate of the period over which the asset will contribute to our future cash flows. We review goodwill for impairment annually or whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. In conducting our annual goodwill impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of the asset is less than its carrying amount. If factors indicate that the fair value of the asset is less than its carrying amount, we perform a quantitative impairment assessment of the asset, analyzing the expected present value of future cash flows to quantify the amount of impairment, if any. We perform our annual impairment tests in the fourth quarter of each fiscal year. We assess the impairment of intangible assets whenever events or changing circumstances indicate that the carrying amount may not be recoverable.

Music Royalty Fees

We recognize music royalty fees on all music we stream to Members as these fees are incurred in accordance with the terms of the relevant license agreement with the music rights holder. The incurrence of the royalties is primarily driven by content usage by our Members on a fee-per-play basis through the use of our Subscriptions and classified within subscription cost of revenue within the our statement of operations. Our license agreements with music rights holders generally include provisions for advance royalties as well as minimum guarantees. When a minimum guarantee is paid in advance, the guarantee is recorded as a prepaid expense and amortized to subscription cost of revenue.

As we execute music license agreements with various music rights holders for go-forward usage, we may also simultaneously enter into a settlement agreement whereby we are released from all potential licensor claims regarding our alleged past use of copyrighted material in exchange for a negotiated payment. These are referred to as "content costs for past use" and are recorded within subscription cost of revenue. We have entered into agreements with music rights holders who represent all the music catalogs that we need to operate our service, however, given the uncertain and opaque nature of music rights ownership, our archived library may continue to include music for which certain rights or fractional interests have not been accurately determined or fully licensed. Prior to the execution of a music license agreement, we estimate and record a charge based upon license agreements previously entered into and the market share and size of the music rights holder.

Stock-Based Compensation

Stock-based awards are measured at the grant date based on the fair value of the award and is recognized as expense, net of actual forfeitures, on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. For performance-based stock options issued, the value of the instrument is measured at the grant date as the fair value of the award and expensed over the vesting term when the performance targets are considered probable of being achieved.

We calculate the fair value of stock options on the date of grant using the Black-Scholes option pricing model. The determination of the grant date fair value of stock option awards issued is affected by a number of variables, including the fair value of our underlying common stock, our expected common stock price volatility over the term of the option award, the expected term of the award, risk-free interest rates, and the expected dividend yield of our common stock.

Generally, our stock option awards permit early exercise. The unvested portion of shares exercised is recorded as a liability on our balance sheet and reclassified to equity as vesting occurs.

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

	Fiscal Year Ended June 30,		
	2017	2018	2019
Dividend yield	—	—	—
Weighted-average expected term (in years)	6.3	6.3	6.3
Weighted-average risk-free interest rate	1.4%	2.4%	2.5%
Weighted-average expected volatility	79.3%	55.2%	45.0%

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

Expected Term. The expected term represents the period that our stock-based awards are expected to be outstanding. We do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term due to the limited period of time stock-based awards have been exercisable. As a result, for stock options, we used the simplified method to calculate the expected term estimate based on the vesting and contractual terms of the option. Under the simplified method, the expected term is equal to the average of the stock-based award's weighted-average vesting period and its contractual term. For awards granted which contain performance conditions, we estimate the expected term based on the estimated dates that the performance conditions will be satisfied.

Risk-Free Interest Rate. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the stock option's expected term.

Expected Volatility. Since we do not have a trading history of our common stock, the expected volatility was derived from the average historical stock volatilities of several unrelated public companies within our industry that we consider to be comparable to our business over a period equivalent to the expected term of the awards, We intend to continue to consistently apply this process using the same or similar companies to estimate the expected volatility until sufficient historical information regarding the volatility of the share price of our Class A common stock becomes available.

We also grant stock-based awards to non-employees. We believe that for stock options issued to non-employees, the fair value of the stock option is more reliably measurable than the fair value of the services rendered. Therefore, we estimate the fair value of non-employee stock options using a Black-Scholes valuation model with appropriate assumptions.

Common Stock Valuations

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

- relevant precedent transactions involving our capital stock;
- contemporaneous valuations performed at periodic intervals by unrelated third-party specialists;
- the liquidation preferences, rights, preferences, and privileges of our redeemable convertible preferred stock relative to the common stock;
- our actual operating and financial performance;
- current business conditions and projections;
- our stage of development;

- the likelihood and timing of achieving a liquidity event for the shares of common stock underlying the stock options, such as an initial public offering, given prevailing market conditions;
- any adjustment necessary to recognize a lack of marketability of the common stock underlying the granted options;
- recent secondary stock sales and tender offers;
- the market performance of comparable publicly-traded companies; and
- the U.S. and global capital market conditions.

In valuing our common stock at various dates in fiscal 2017, 2018, and 2019, our board of directors determined the equity value of our business using various valuation methods including combinations of income and market approaches with input from management. The income approach estimates the fair value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using an appropriate discount rate to reflect the risks inherent in us achieving these estimated cash flows. The market approach estimates value considering an analysis of guideline public companies. The guideline public companies method estimates value by applying a representative revenue multiple from a peer group of companies in similar lines of business to our forecasted revenue. Our peer group of companies was selected based on operational and economic similarities to us and factors considered included but were not limited to industry, business model, growth rates, customer base, capitalization, size, profitability and stage of development. From time to time, we updated the set of comparable companies as new or more relevant information became available. This approach involves the identification of relevant transactions, and determining relevant multiples to apply to our revenue.

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

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

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

Following August 2018, the resulting equity value was then allocated to the common stock using a probability weighted expected return method, or PWERM. Under PWERM, we estimated the value of our common stock based upon an analysis of our values assuming an initial public offering as a possible future event. Additionally, the OPM, using the preferred stockholders' liquidation preferences, participation rights, dividend rights, and conversion rights to determine the value of each share class in specific potential future outcomes, was considered in the PWERM approach. We also applied a discount for lack of marketability to account for a lack of access to an active public market.

In addition, we also considered any private or secondary transactions involving our capital stock as well as tender offers completed in fiscal 2017 and 2019. In our evaluation of those transactions, we considered the facts and circumstances of each transaction to determine the extent to which they represented a fair value exchange. Factors considered include transaction volume, timing, whether the transactions occurred among willing and unrelated parties, and whether the transactions involved investors with access to our financial information.

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 Class A common stock based on the closing price of our common stock as reported on the date of grant. Future expense amounts for any particular period could be affected by changes in our assumptions or market conditions.

Based upon the assumed initial public offering price of $27.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, the aggregate intrinsic value of stock options outstanding as of June 30, 2019 was $1,343.1 million, of which $428.3 million related to vested stock options and $914.8 million related to unvested stock options. In addition, we granted options to purchase 883,550 shares of our Class B common stock subsequent to June 30, 2019.

Income Taxes

We utilize the asset and liability method for computing our income tax provision. Deferred tax assets and liabilities reflect the expected future consequences of temporary differences between the financial reporting and tax bases of assets and liabilities as well as operating loss, capital loss, and tax credit carryforwards, using enacted tax rates. Management makes estimates, assumptions, and judgments to determine our provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against deferred tax assets. We assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, we establish a valuation allowance.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. Interest and penalties related to unrecognized tax benefits, which to date have not been material, are recognized within provision for income taxes.

Loss Contingencies

We are involved in legal proceedings, claims, and regulatory, tax, and government inquiries and investigations that arise in the ordinary course of business. Certain of these matters include claims for substantial or indeterminate amounts of damages. We record a liability when we believe that it is both probable that a loss has been incurred and the amount can be reasonably estimated. If we determine that a loss is reasonably possible and the loss or range of loss can be reasonably estimated, we disclose the possible loss in the accompanying notes to the consolidated financial statements. If we determine that a loss is reasonably possible but the loss or range of loss cannot be reasonably estimated, we state that such an estimate cannot be made.

We review the developments in our contingencies that could affect the amount of the provisions that have been previously recorded, and the matters and related reasonably possible losses disclosed. We make adjustments to our provisions and changes to our disclosures accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Significant judgment is required to determine both the probability and the estimated amount of loss. These estimates have been based on our assessment of the facts and circumstances at each balance sheet date and are subject to change based on new information and future events.

The outcome of litigation is inherently uncertain. Therefore, if one or more of these matters were resolved against us for amounts in excess of management's expectations, our results of operations and financial condition, including in a particular reporting period in which any such outcome becomes probable and estimable, could be materially adversely affected.

Recent Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, of the notes to our consolidated financial statements included elsewhere in this prospectus for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the dates of the statement of financial position included in this prospectus.

Internal Control Over Financial Reporting

In the course of preparing the financial statements that are included in this prospectus, our management has determined that we have material weaknesses in our internal control over financial reporting. These material weaknesses primarily pertained to IT general controls, controls to address segregation of certain accounting duties, timely reconciliation and analysis of certain key accounts and the review of journal entries. We have concluded that these material weaknesses in our internal control over financial reporting occurred because, prior to this offering, we were a private company and did not have the necessary business processes, systems, personnel and related internal controls necessary to satisfy the accounting and financial reporting requirements of a public company.

In order to remediate these material weaknesses, we have taken and plan to take the following actions:

- implementation of IT general controls to manage access and program changes within our IT environment;
- the hiring and continued hiring of additional accounting and finance resources with public company experience;
- implementation of additional review controls and processes and requiring timely account reconciliations and analyses; and
- implementation of processes and controls to better identify and manage segregation of duties risks.

In accordance with the provisions of the JOBS Act, we and our independent registered public accounting firm were not required to, and did not, perform an evaluation of our internal control over financial reporting as of June 30, 2019 nor any period subsequent in accordance with the provisions of the Sarbanes-Oxley Act. Accordingly, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act after the completion of this offering.

LETTER FROM JOHN FOLEY, CO-FOUNDER AND CHIEF EXECUTIVE OFFICER

Dear Prospective Investors and Peloton Members,

At Peloton, we believe that better is in all of us.

It is no secret that exercise makes us feel good. It's simple science: exercising creates endorphins and endorphins make us happy. On the most basic level, Peloton sells happiness. But of course, we do so much more. Our connected fitness experiences make it easy for our Members to get engaging, social, and highly effective workouts with world-class instructors anytime, anywhere. As a result, our Members work out 80% more than non-Peloton Members.(1) And while the health benefits of regular physical fitness are well documented, the Peloton experience transcends health benefits alone. The happiness our Members experience enables each individual to be a better version of themselves, so they go on to inspire others. And that leads us to Peloton's mission: to better ourselves, inspire each other, and unite the world through fitness.

I founded Peloton in 2012 to solve a challenge in my own life. My wife, Jill, and I knew great fitness experiences made us feel like better versions of ourselves, but there were countless barriers to working out regularly. We loved going to boutique studio fitness classes like cycling, running, boot camp, and yoga. We were addicted to the fast-paced energy, the motivational instructors, the thoughtful programming, and the way exercising with a group pushed us harder. These classes left us feeling energized, refreshed, stronger, and ready to take on anything. However, with demanding jobs and two small children at home, just getting to the gym became harder and harder. Classes with our favorite instructors sold out quickly and were prohibitively expensive. We also had to accommodate someone else's schedule at someone else's location. And we were often left without time, without options, and without the feeling of "being our better selves" that we sought.

I figured that there must be a way to make these workouts more convenient, more affordable, and more accessible. There had to be a way to bring fantastic, high-energy, instructor-led group fitness into the home, to be experienced on my time, any time I wanted. And my hunch was that if I could make it possible, others would want it as well.

With that spark of an idea, I looked for brilliant, creative, empathetic, high-integrity partners who shared my ambition and weren't afraid to tackle complicated business and technology challenges. I was lucky to have several friends who fit the bill in spades: Hisao Kushi, Tom Cortese, Graham Stanton, and Yony Feng. All of my co-founders are still thriving at Peloton, each in a senior role and each an even stronger friend.

To create Peloton, we needed to build what we believed to be the best indoor bike on the market, recruit the best instructors in the world, and engineer a state-of-the-art software platform to tie it all together. Against prevailing conventional wisdom, and despite countless investor conference rooms full of very smart skeptics, we were determined for Peloton to build a vertically integrated platform to deliver a seamless end-to-end experience as physically rewarding and addictive as attending a live, in-studio class. In Peloton's infancy, our lean founding team operated from a one-room "headquarters" with heavy black curtains that cordoned off a makeshift cycling studio, equipped with a modest six bikes and a used camcorder. We problem-solved our way from streaming live cycling classes to one hundred Members, then to one thousand, and now to over a million Members worldwide. It took a proverbial village to build Peloton, and that once-small village has grown into the community that is now the heart of our brand.

From the very beginning, we have always put our Members first in everything we do, and they never cease to amaze us. Through connecting on the Peloton Bike, Tread, and Digital App, our Members have created one of the most supportive, optimistic, diverse, and inclusive communities in the world. Peloton Members are teachers, professional athletes, active military and veterans, healthcare providers, firefighters, policemen, famous actors and musicians, and even former Presidents. They are teenagers and senior citizens. From diverse life experiences, all gender identities and sexual orientations, countless nationalities and ethnicities. We are proud of our community of Members but even prouder of the way that they have united together in support of each other.

Every day, I receive personal emails from our Members. The most consistent message I receive: "Peloton has changed my life." Astonishingly, four out of five Members were not in the market for fitness equipment before they bought the Bike. They were in the market for improving their lives, just as Jill and I were back in 2012 when we started this company and began this journey.

(1) *Source: April 2019 Survey to Members and Non-Members, N=500*

Seven years later, it is very clear to me that we have an immense opportunity in front of us at Peloton. Peloton is so much more than a Bike — we believe we have the opportunity to create one of the most innovative global technology platforms of our time. It is an opportunity to create one of the most important and influential interactive media companies in the world; a media company that changes lives, inspires greatness, and unites people. And it is an opportunity to create one of the best places to work in the cities where we operate — we prioritize culture as much as any other business objective.

And to be sure, we are not taking these opportunities lightly. William Lynch, our President; Jill Woodworth, our Chief Financial Officer; Kevin Cornils, our Managing Director of International; my co-founders; and our extended senior leadership team: all of us feel an immense responsibility to deliver on these opportunities, and we are ready. We have worked our entire careers for this very moment.

Speaking for the entire Peloton team, we are incredibly grateful for all of our Members from all different backgrounds who love Peloton and have welcomed us into their lives over the past several years. We are truly humbled by your passion for our shared mission.

Today, however, we look forward. At this important moment in our journey, I am honored to invite you to join Peloton.

With gratitude,

John Foley
Founder and CEO

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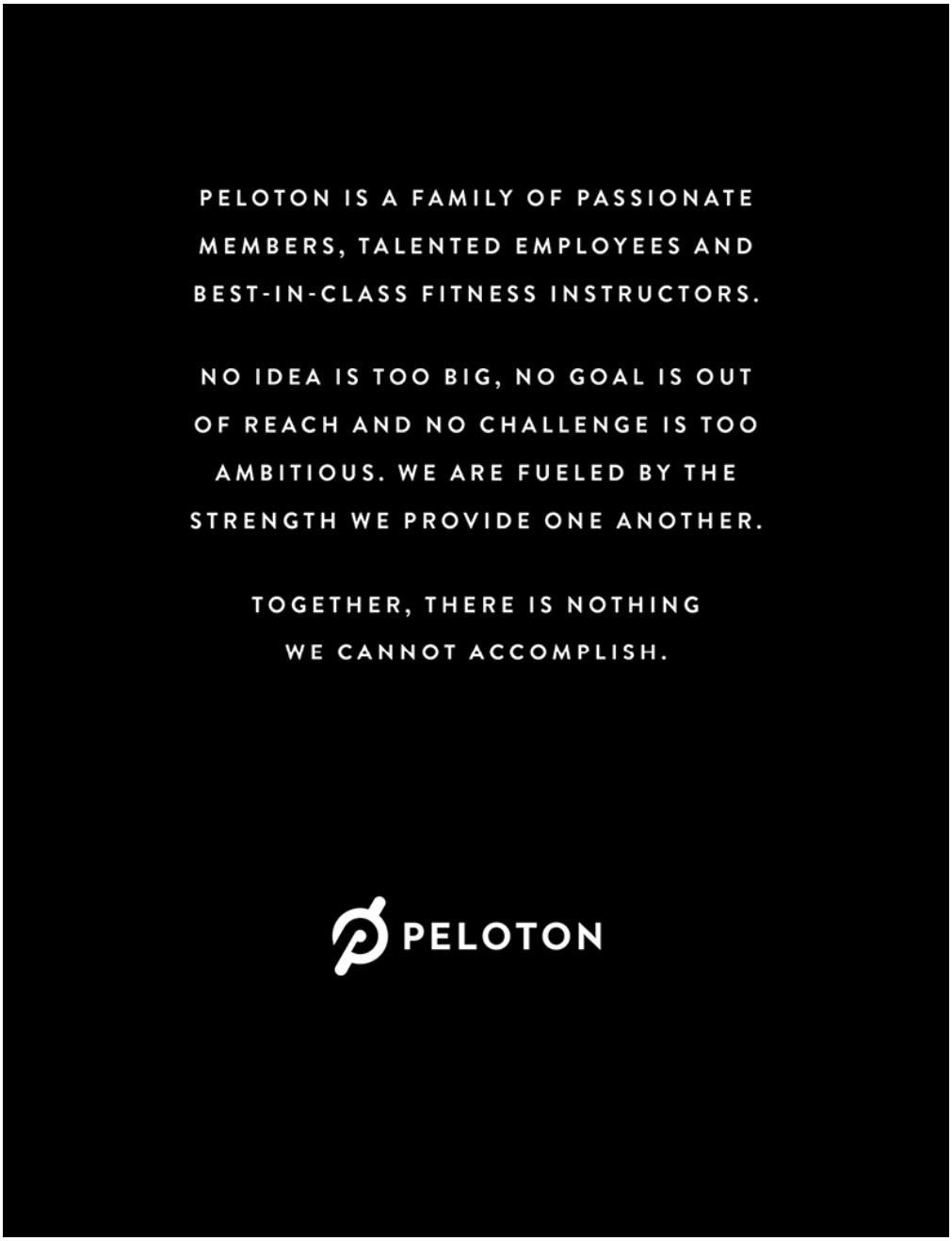

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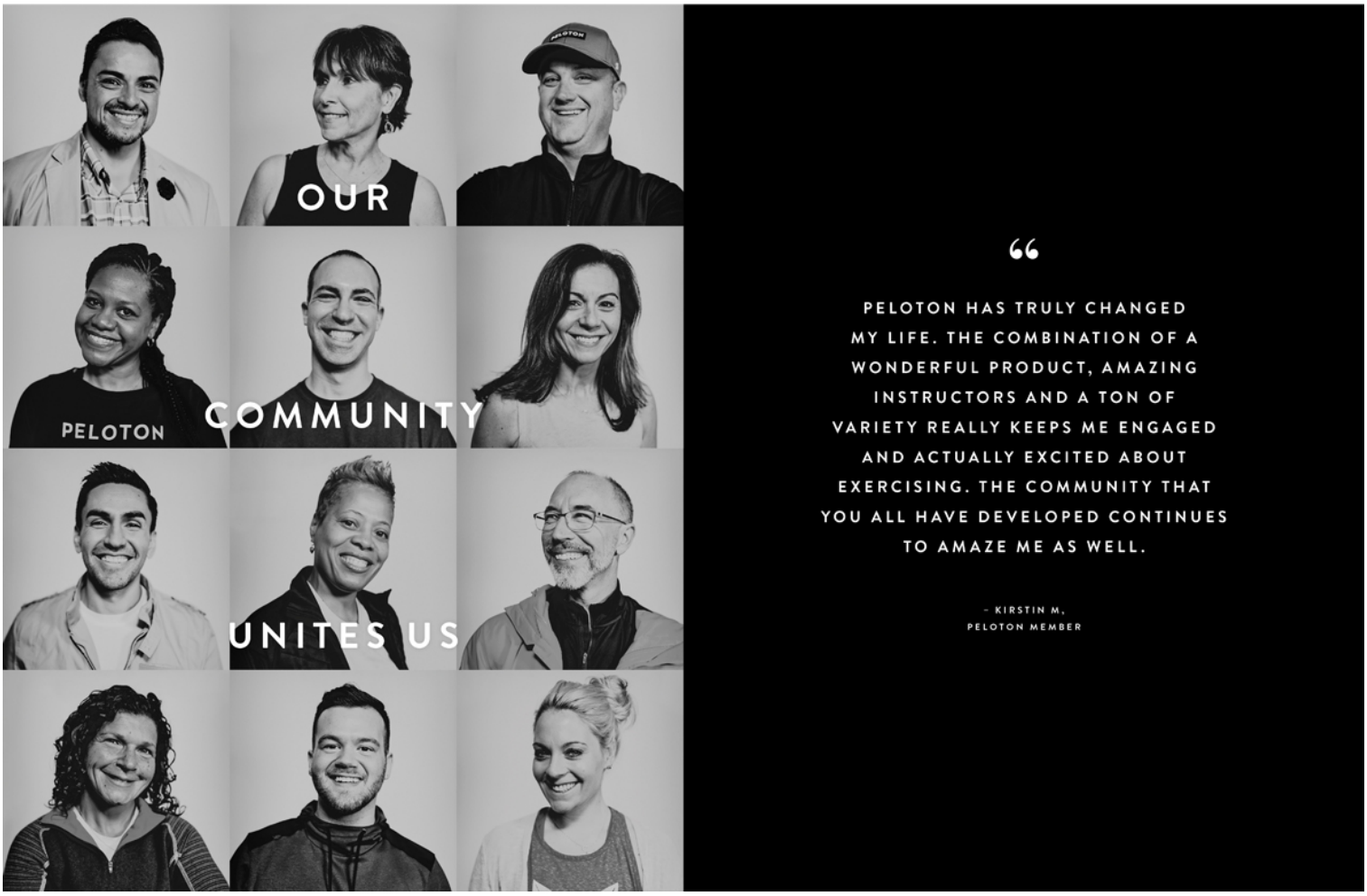

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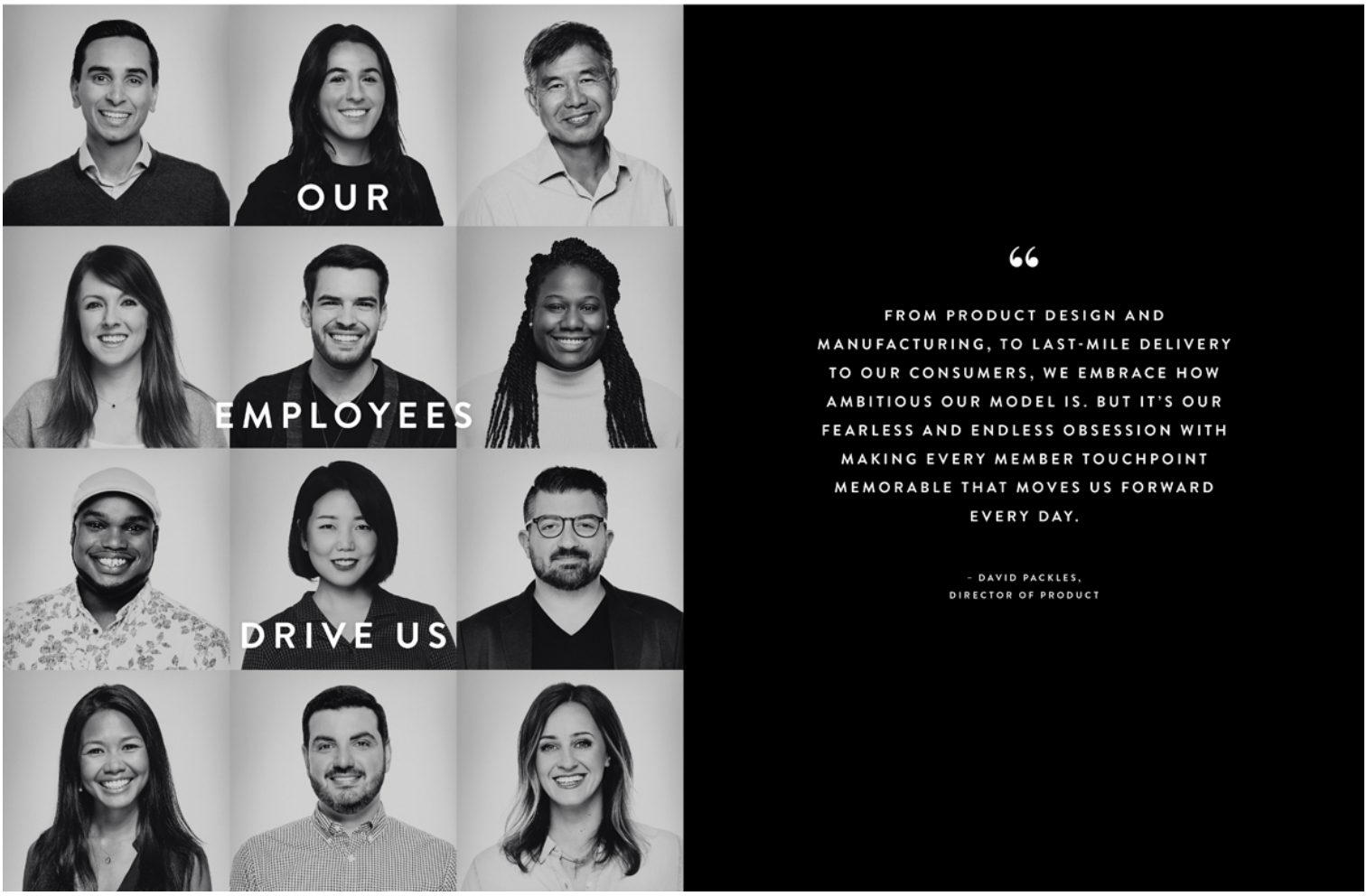

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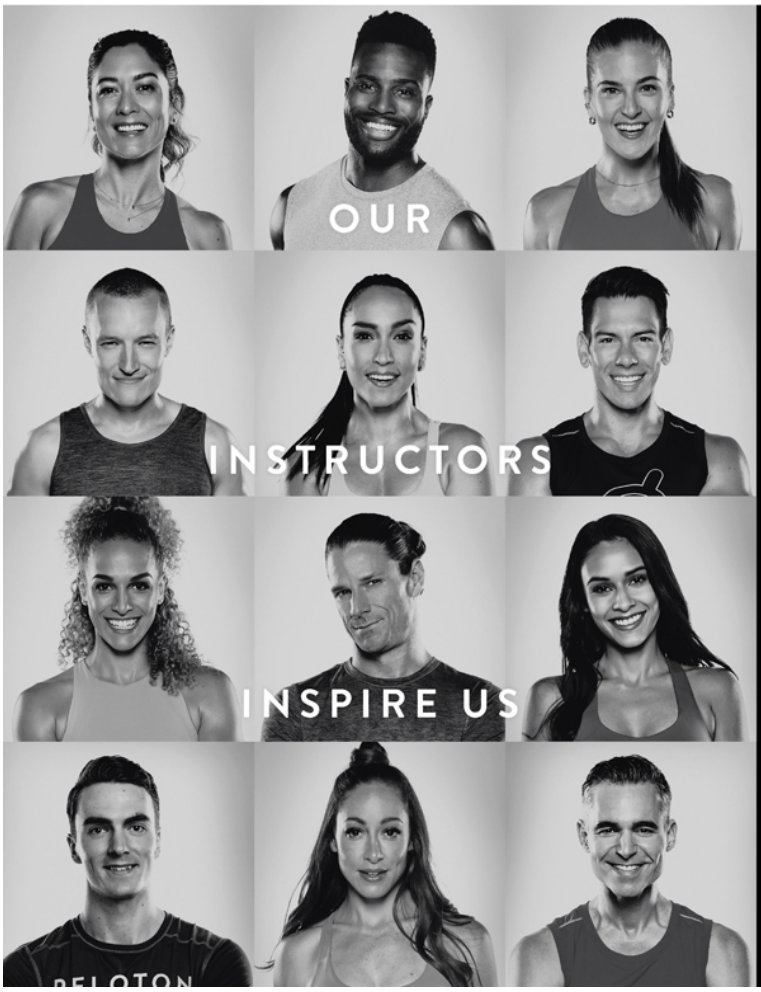

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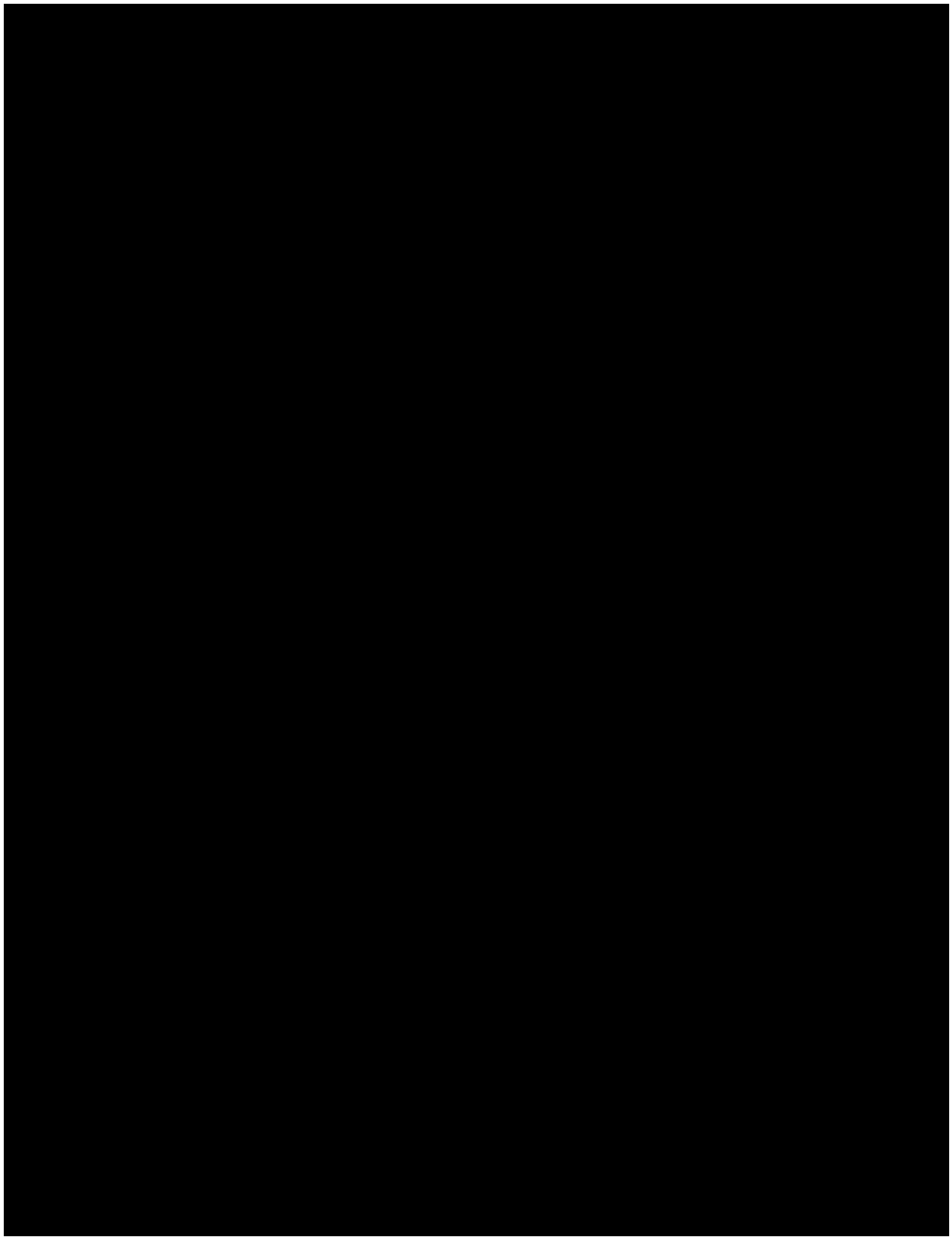
THERE IS SOMETHING REALLY SPECIAL ABOUT PROVIDING ENTERTAINMENT AND CREDIBLE FITNESS AUTHORITY AT THE SAME TIME, AND THAT IS THE SECRET SAUCE OF PELOTON.

– ROBIN ARZON,
VP FITNESS PROGRAMMING



BUSINESS

Our Purpose

We believe physical activity is fundamental to a healthy and happy life. Our ambition is to empower people to improve their lives through fitness.

We are a technology company that meshes the physical and digital worlds to create a completely new, immersive, and connected fitness experience. We are also:

…a media company that creates engaging-to-the-point-of-addictive original programming with the best instructors in the world.

…an interactive software company that motivates our Members to achieve their goals.

…a product design company that develops beautiful and intuitive equipment that anticipates the needs of our Members.

…a social connection company that enables our community to support one another.

…a direct-to-consumer, multi-channel retail company that facilitates a seamless customer journey.

…an apparel company that allows Members to display their passion for Peloton.

…a logistics company that provides high-touch delivery, set up, and service for our Members.

We are driven by our Members-first obsession and we will be any company we need to be in order to deliver the best fitness experience possible.

Who We Are

Peloton is the largest interactive fitness platform in the world with a loyal community of over 1.4 million Members. We pioneered connected, technology-enabled fitness, and the streaming of immersive, instructor-led boutique classes to our Members anytime, anywhere. We make fitness entertaining, approachable, effective, and convenient, while fostering social connections that encourage our Members to be the best versions of themselves.

We are an innovation company at the nexus of fitness, technology, and media. We have disrupted the fitness industry by developing a first-of-its-kind subscription platform that seamlessly combines the best equipment, proprietary networked software, and world-class streaming digital fitness and wellness content, creating a product that our Members love. Our highly compelling offering helped our Members complete over 58 million Peloton workouts in fiscal 2019.

Driven by our Members-first mindset, we built a vertically integrated platform that ensures a best-in-class, end-to-end experience. We have a direct-to-consumer multi-channel sales platform, including 74 showrooms with knowledgeable sales specialists, a high-touch delivery service, and helpful Member support teams. Our Members are as devoted to us as we are to them—92% of our Connected Fitness Products ever sold still had an active Connected Fitness Subscription attached as of June 30, 2019.

Our Connected Fitness Product offerings currently include the Peloton Bike, launched in 2014, and the Peloton Tread, launched in 2018. Both our Bike and Tread include a state-of-the-art touchscreen that streams live and on-demand classes. Our products have a multitude of interactive software features that encourage frequent use, facilitate healthy competition on our patented leaderboard, build community among our Members, and inspire our Members to track performance and achieve their goals with real-time and historical metrics. As of June 30, 2019, we had sold approximately 577,000 Connected Fitness Products, with approximately 564,000 sold in the United States.

Our world-class instructors teach classes across a variety of fitness and wellness disciplines, including indoor cycling, indoor/outdoor running and walking, bootcamp, yoga, strength training, stretching, and meditation. We produce over 950

original programs per month and maintain a vast and constantly updated library of thousands of original fitness and wellness programs. We make it easy for Members to find a class that fits their interests based on class type, instructor, music genre, length, available equipment, area of physical focus, and level of difficulty.

Our content is available on our Connected Fitness Products through a $39.00 monthly Connected Fitness Subscription, which allows for unlimited workouts across multiple users within a household. Our Connected Fitness Subscribers can enjoy our classes anywhere through Peloton Digital, which is available through iOS and Android mobile devices, as well as most tablets and computers. We also have Digital Subscribers who pay $19.49 per month for access our content library on their own devices.

Our revenue is primarily generated from the sale of our Connected Fitness Products and associated recurring subscription revenue. We have experienced significant growth in sales of Connected Fitness Products, which, when combined with our strong Connected Fitness Subscriber retention rates, has driven high growth in Connected Fitness Subscribers. Our Connected Fitness Subscriber base grew by 108% in fiscal 2019.

Our compelling financial profile is characterized by high growth, strong retention, recurring revenue, margin expansion, and efficient customer acquisition. Our low Average Net Monthly Connected Fitness Churn, together with our high Subscription Contribution Margin, generates attractive Connected Fitness Subscriber Lifetime Value. When we acquire new Connected Fitness Subscribers, we are able to offset our customer acquisition costs with the gross profit earned on our Connected Fitness Products. This allows for rapid payback of our sales and marketing investments and results in a robust unit economic model.

We are a fast-growing and scaled fitness platform. For fiscal 2017, 2018, and 2019:

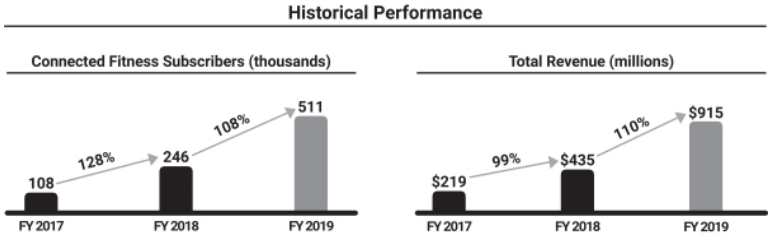
- we generated total revenue of $218.6 million, $435.0 million, and $915.0 million, respectively, representing 99.0% and 110.3% year-over-year growth;
- we incurred net losses of $(71.1) million, $(47.9) million, and $(195.6) million, respectively; and
- our Adjusted EBITDA was $(51.8) million, $(30.4) million, and $(71.3) million, respectively.

See the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures” for information regarding our use of Adjusted EBITDA and a reconciliation of net loss to Adjusted EBITDA.

For fiscal 2017, 2018, and 2019, key metrics of our business included:

- Connected Fitness Subscribers of 107,708, 245,667, and 511,202, respectively; and
- Average Net Monthly Connected Fitness Churn of 0.70%, 0.64%, and 0.65%, respectively.

For a definition of Connected Fitness Subscriber Lifetime Value, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Model” and for a definition of Connected Fitness Subscribers, Average Net Monthly Connected Fitness Churn, and Subscription Contribution Margin, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Operational and Business Metrics.”



Our Industry and Opportunity

Industry

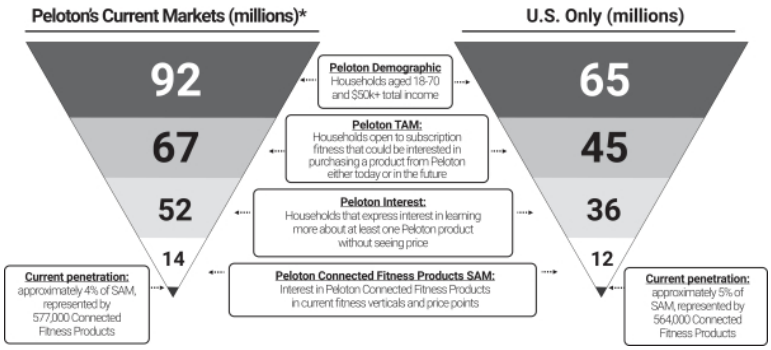
We participate in the massive and growing global health and wellness industry. According to a 2018 report by the Global Wellness Institute, the total global spend on the wellness industry in 2017 was $4.2 trillion, of which the global spend on fitness and certain categories of wellness, including meditation and yoga, represented nearly $600 billion. According to the International Health, Racquet & Sportsclub Association, or IHRSA, 183 million and 62 million people had gym memberships globally and in the United States, respectively, as of 2018.

Our current product portfolio, which consists of our Bike, Tread, and fitness and wellness subscription services, addresses a large consumer base. Within our current and announced markets (the United States, the United Kingdom, Canada, and Germany), we estimate that 75 million people used treadmills and 27 million used stationary cycling bikes in the 12 months ended March 2019. In those same regions, we estimate that over 5 million treadmills and nearly 3 million stationary cycling bikes were purchased for in-home use in the 12 months ended March 2019. We believe that we are significantly expanding the market for fitness equipment and products. According to our 2019 Member Survey, four out of five Members were not in the market for home fitness equipment prior to purchasing a Peloton Connected Fitness Product.

Opportunity

We consider our market opportunity in terms of a Total Addressable Market, or TAM, which we believe is the market we can reach over the long-term in our current and announced markets, and a Serviceable Addressable Market, or SAM, which we address with our current product verticals and price points.

According to our research, our TAM is 67 million households, of which 45 million are in the United States. Within our TAM, we estimate that 52 million households are interested in learning more about our Connected Fitness Products without seeing the price. We estimate that our SAM is 14 million Connected Fitness Products, with 12 million represented in the United States. Historically, our SAM has grown as our brand awareness has increased. With low brand awareness in our current international markets, we believe we will see SAM expand as we make further investments in building brand and product awareness in these regions. We will grow both TAM and SAM as we expand beyond our current geographies and grow SAM as we develop new Connected Fitness Products and content in new fitness verticals. With approximately 577,000 Connected Fitness Products sold globally as of June 30, 2019, we are approximately 4% penetrated in our SAM of 14 million. For a discussion of the methodology used in determining our TAM and SAM, see the section titled “Industry and Market Data.”



* Represents our total addressable market within our current and announced markets—the United States, the United Kingdom, Canada, and Germany.

Consumer Trends in Our Favor

Increasing Focus on Health and Wellness
The growing awareness of the benefits of exercise and physical activity is driving increasing participation and spend in fitness and wellness. This has translated into consistent year-over-year growth of the fitness industry both in the United States and globally over the past two decades, even during times of economic recession. According to IHRSA, health club industry revenues in the United States grew at a 5.4% annual growth rate over the last ten years. In addition, employers and health insurance companies are investing in employee well-being by offering incentives for preventative health measures such as exercise. According to a 2017 study by the National Business Group on Health, 74% of employers offer employee wellness incentives, with the average employee incentive amount increasing from $521 in 2013 to $742 in 2017.

Streaming Media is the Leading Channel of Consumption
The quality, volume, and speed of streaming content has profoundly changed media consumption patterns. Consumers can select from extensive catalogs of content across video programming, music, books, and gaming, among other categories, allowing for personalized, on-demand consumption anywhere, anytime, and at a great value. According to Kagan, a media research group of S&P Global Market Intelligence, global digital music paid subscribers are estimated to have grown from 12.1 million in 2012 to 162.5 million in 2018. Similarly, digital video paid subscribers are estimated to have increased in the United States from 37.6 million in 2012 to 167.8 million in 2018.

Desire for Community and Shared Experiences
We believe consumers are increasingly spending on experiences and are seeking meaningful community connections. Within the fitness industry, consumers have migrated to boutique fitness due to personalization, expert instruction, and the sense of community. Boutique-style fitness offerings are the fastest growing brick-and-mortar fitness category. According to IHRSA, as of 2017, 40% of members of health and fitness clubs reported belonging to a boutique fitness studio, and from 2013 to 2017, membership in boutique studios grew approximately 121%.

Demand for Convenience
Household trends, longer working hours, and the rise of mobile technology make it challenging to balance time between family, work, and personal health and wellness. According to the Pew Research Center, over the last few decades, there has been an increase in dual income families from 49% in 1970 to 66% in 2016. We believe that busy lifestyles, less free time, and changing household dynamics are driving demand for convenient fitness options.

What Sets Us Apart

Category-Defining Brand with Broad Appeal
Peloton is the pioneer of connected, technology-enabled fitness. By meshing the physical and digital worlds, we have created an immersive experience that our Members love. We have scaled rapidly through data-driven marketing and

education-based sales efforts. Our marketing is made more efficient by the significant word-of-mouth referrals from our loyal Members, which has become one of our largest sales channels. As a result of strong Connected Fitness Product sales and low Average Net Monthly Connected Fitness Churn, we have grown our Connected Fitness Subscribers from 35,135 as of June 30, 2016 to 511,202 as of June 30, 2019, representing annualized growth of approximately 144.1%.

We are democratizing access to high-quality boutique fitness by making it accessible and affordable through the compelling value of our unlimited household Connected Fitness Subscriptions and attractive financing programs for the Bike and Tread. We continue to broaden our demographic appeal—our fastest growing demographic segments are consumers under 35 years old and those with household incomes under $75,000.

Growing and Scaled Platform with Network Effects

As the largest interactive fitness platform in the world, our rapidly growing and scaled Member base is a highly strategic asset. With our first mover advantage, we have achieved critical mass, which improves our platform and Member experience. As of June 30, 2019, on average, nearly 6,400 Members participated in each cycling class, across live and on-demand. As our community of Members continues to grow, the Peloton fitness experience becomes more inspiring, more competitive, more immersive, and more connected. Over time, Members are embedded in the Peloton community and we become a part of their lives, increasing the opportunity cost of Members leaving or potential Members not joining our platform.

Engaging-to-the-Point-of-Addictive Fitness Experience Drives High Retention

By making fitness fun and motivating, we help our Members achieve their personal goals. We analyze millions of workouts per month to help us develop features that improve our Member experience and create new, on-trend fitness and wellness content that our Members crave. Engagement is the leading indicator of retention for our Connected Fitness Subscribers. We have consistently seen workouts increase over time. On average, our Connected Fitness Subscribers completed 7.5, 8.4, and 11.5 workouts per month in fiscal 2017, 2018, and 2019, respectively. Usage drives value and loyalty, which is evidenced by our exceptional weighted-average 12-month Connected Fitness Subscriber retention rate of 95% across all fiscal year cohorts since fiscal 2016.

Vertically Integrated Platform That is Difficult to Replicate

We are driven by our Members-first obsession and see every Member touchpoint as an opportunity to exceed expectations. To create the best platform, we designed our own products, developed our own interactive software, and created our own high production value fitness and wellness programming. For full end-to-end Member support, we were also compelled to develop our own customer education, purchase and delivery, and services platform. We sell our Connected Fitness Products exclusively through our knowledgeable inside sales and showroom associates as well as our e-commerce site. Our high-touch delivery teams ensure that new Members are immediately set up and ready to work out on their new Bike or Tread. The effectiveness of our end-to-end platform is demonstrated by the high Net Promoter Score for our Bike, which has been within the range of 80 to 93 since we began measuring it in 2016.

Compelling Financial Model

Our financial profile is characterized by high growth, strong retention, recurring revenue, margin expansion, and efficient customer acquisition. Our growth is attributable to our data-driven marketing approach and Member word-of-mouth referrals, both of which help us generate predictable and increasingly efficient Connected Fitness Product sales. Our low Average Net Monthly Connected Fitness Churn, combined with our high Subscription Contribution Margin, results in attractive Connected Fitness Subscriber Lifetime Value. We offset customer acquisition costs with the gross profit earned on our Connected Fitness Products, generating rapid payback of sales and marketing investments and robust unit economics.

Founder-Led, Passionate Team

Peloton was founded by John Foley in 2012. Along with his four co-founders, John set out to create the most convenient and immersive indoor cycling experience in the world. Our founders believed deeply that creating a Members-first experience would require Peloton to be as vertically integrated as possible, and so we built teams that span software development, product design, fitness instruction, content production, marketing, music, logistics, retail, and apparel. We believe that no other company is at the intersection of all these disciplines, which means that every day we are doing something that no other company has done before. This, along with the positive impact we have on our Members' physical and mental well-being, fuels our passion for continuous innovation and progress.

Growth Strategies

Our goal is to rapidly grow our Member base through the sale of our Connected Fitness Products while continuing to engage and retain our scaled and loyal community of Members.

Grow Brand Awareness

We are still in the early stages of growth in our existing markets. As of June 30, 2019, we had sold approximately 577,000 Connected Fitness Products globally, a small fraction of the 14 million products we believe reflect our current SAM. While our aided brand awareness has grown rapidly in the United States and reached 67% as of April 3, 2019, we have significant room to increase our brand and product awareness in both the United States and in our other geographies through television, digital, and social media marketing, as well as our showrooms and word-of-mouth referrals. We continue to broaden our demographic appeal by educating customers on the compelling value of our Connected Fitness Subscriptions.

Continuously Improve Member Experience

We constantly improve and evolve our interactive software and content to drive Member engagement, which helps us maintain our high retention rates as we grow. We deploy new software features frequently and currently produce over 950 original programs per month to keep our content library fresh and on-trend. We also continue to drive usage through innovative fitness and wellness programs and goal-based challenges that make Members feel more accountable and help them reach their personal goals. Total Workouts for our Connected Fitness Subscribers grew from 17.9 million in fiscal 2018 to 52.2 million in fiscal 2019, respectively, representing a 192% increase. For a definition of Total Workouts, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Operational and Business Metrics.”

Launch New Products and Expand Content Offering

Over time, we plan to invest heavily in new product development and content to further penetrate our SAM. We will launch new Connected Fitness Products and accessories in our existing, as well as new fitness verticals, while continuously updating and expanding our original fitness and wellness programming. We will pursue new products where there is a large market opportunity in areas of fitness with staying power.

Pursue Disciplined Expansion into New Geographies

With more than 174 million people belonging to gyms globally, we believe there is significant opportunity for Peloton to grow internationally. In 2018, we began our international expansion and brought the Peloton experience to the United Kingdom and Canada. With our expansion into Germany in the winter of 2019, we will be in the largest fitness markets in the world. We will continue to pursue disciplined international expansion by targeting countries with high fitness penetration and spend, the presence of boutique fitness, and where we believe the Peloton value proposition will resonate.

Invest in Our Platform

We will continue to invest in technology and infrastructure to extend our leadership in connected fitness, increase our value proposition, and support our growth. Over the next couple of years, we will continue to invest in state-of-the-art production studios in New York City and London and a new headquarters in New York City, which will include a dedicated research and development facility for new product design, development, and testing. We will continue to invest heavily in a variety of software and hardware engineering functions, supply chain operations, manufacturing, and advanced quality assurance to support our growth.

Increase Profitability Through Fixed Cost Leverage

The continued growth of our Connected Fitness Subscriber base will allow us to improve Subscription Contribution Margin, increase Connected Fitness Subscriber Lifetime Value, and generate operating leverage. A significant portion of our content creation costs can be leveraged over time given that a limited number of production studios and instructors can support the future growth of our Subscriber base. We expect to drive continued efficiencies in sales and marketing expenses as we benefit from increasing brand awareness, word-of-mouth referrals from our growing Subscriber base, and further optimization of our sales and marketing investments by channel. We will also achieve operating leverage as we scale fixed general and administrative expenses, including those associated with our new headquarters in New York City.

Our Product Offerings

Connected Fitness Products

Our Connected Fitness Products include the Peloton Bike, launched in 2014, and the Peloton Tread, launched in 2018. Our Bike features a carbon steel frame, a nearly silent belt drive, magnetic resistance for durability, and a 22" high-definition touchscreen with built-in stereo speakers to stream live and on-demand classes, all in a compact, 4' by 2' footprint. In the United States, we sell our Bike for $2,245, which includes delivery and set up. We offer qualified customers in the United States a 39-month, 0% APR financing program, allowing them to purchase the Bike and pay in monthly installments of $58.00.

The Tread provides a one-of-a-kind experience for runners, strength trainers, and bootcamp enthusiasts. Like our Bike, the Tread has a state-of-the-art touch screen that allows Members to stream live and on-demand classes and is designed for performance and comfort. The Tread features a shock-absorbing rubber-slat belt and ball bearing system, ideal for low-impact training, while pace and incline knobs allow for seamless adjustments. The 32" high-definition touchscreen features a 20-watt sound bar for an immersive experience both on and off the Tread. Currently our Tread is only available in the United States and sells for $4,295, which includes delivery and set up. We offer qualified customers a 24-month, 0% APR financing program, allowing them to purchase the Tread and pay in monthly installments of $179.00.

Peloton Bike

Peloton Tread

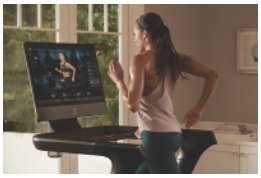
Connected Fitness Subscriptions

Our Connected Fitness Subscriptions are on a month-to-month basis, allow for multiple household users, and provide unlimited access to all live and on-demand classes. Our Connected Fitness Subscription allows Members to access classes through our Connected Fitness Products, compete on our motivating leaderboard, track performance metrics, and connect and interact with the broader Peloton community. Our Connected Fitness Subscription also includes access to our content through Peloton Digital which is available through iOS and Android mobile devices and most tablets and computers. Our Connected Fitness Subscriptions allow up to five Members of a household to access our content simultaneously. On average, we had 2.0 Members per Connected Fitness Subscription as of June 30, 2019.

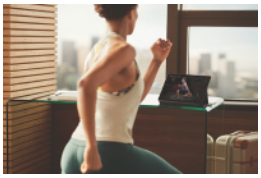
Subscription Content

Bike

Tread



Digital

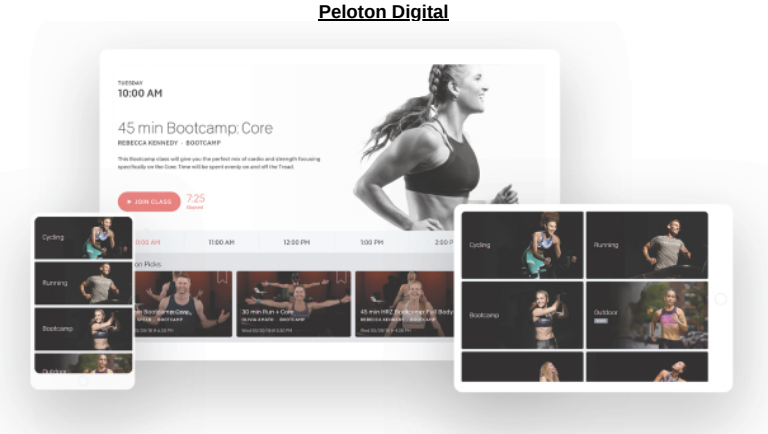


Peloton Digital

Peloton Digital began as a companion app for Connected Fitness Subscribers to provide access to our classes while our Members were away from their Connected Fitness Products. Starting in June 2015, we offered Peloton Digital as a standalone fitness app. In June 2018, we relaunched Peloton Digital when we expanded our content offering to include bootcamp and indoor/outdoor running and walking classes. As of June 30, 2019, we had approximately 102,000 Peloton Digital Subscribers, in addition to our over 511,202 Connected Fitness Subscribers. This compared to approximately 46,000 and 22,000 Peloton Digital Subscribers as of June 30, 2018 and June 30, 2017, respectively. A Digital Subscriber is an individual or household that has a paid Peloton subscription with a successful credit card billing. With over 67 million households in our current and announced markets open to subscription fitness, we believe there is ample opportunity for us to grow our Digital Subscription base over time.

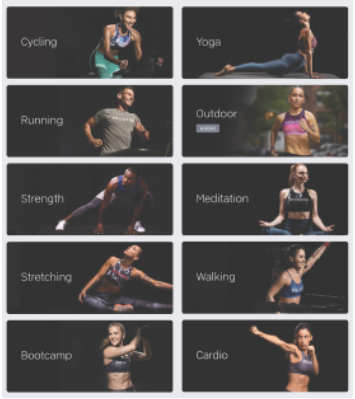
Today, Peloton Digital is included with all Connected Fitness Subscriptions. As of June 30, 2019, 50% of our Connected Fitness Subscribers used Peloton Digital to supplement their workout regime. Peloton Digital also helps us attract new Connected Fitness Subscribers by serving as an acquisition tool for new Members.

Peloton Digital



Since the Peloton Digital relaunch in June 2018, we have added several new fitness verticals which we believe have increased the value of our subscription services. These include indoor/outdoor running and walking, bootcamp, strength training, stretching, and meditation. We have also significantly expanded our yoga offerings. Our Members have shown strong interest in these new verticals; in fiscal 2019, 35% of workouts completed were not indoor cycling classes.

Peloton Total Fitness Experience



Our Compelling Value Proposition

Our monthly Connected Fitness Subscription at $39.00 is less expensive than most monthly gym memberships, a fraction of the price of a personal training session, and approximately the same price as one boutique fitness class for one person. Boutique studio fitness classes typically cost between $25.00 and $45.00 per class, per person and follow a rigid schedule whereas our monthly Connected Fitness Subscription covers the household and offers unlimited use, anytime, anywhere. Our live class schedule and on-demand library feature classes spanning five to 90 minutes, providing Members with flexibility and convenience.

To increase affordability, we offer attractive 0% APR financing programs for our Connected Fitness Products. These programs allow our qualified customers to pay in monthly installments of as low as $58.00 for 39 months and $179.00 for 24 months for our Bike and Tread, respectively. Our financing programs have successfully broadened our base of Members by attracting consumers from a wider spectrum of ages and income levels. In fiscal 2019, approximately 50% of all Connected Fitness Products sold were financed.

Existing Connected Fitness Subscribers provide a clear endorsement of the superior value of our offering. According to our 2019 Member Survey, the vast majority of our Members say that Peloton offers a better value than all other fitness alternatives. We strive to continuously improve our Member experience and value proposition through enhancements to our content and interactive software features.

Our Vertically Integrated Fitness Platform

Technology

Our content delivery and interactive software platform are critical to our Member experience. We invest substantial resources in research and development to enhance our platform, develop new products and features, and improve our

platform infrastructure. Our research and development organization consists of world-class engineering, product, and design teams. Our teams have a diverse set of skills and industry experience, including expertise in highly scalable distributed systems, machine learning, artificial intelligence, and user-centric application engineering. Our engineering, product, and design teams work together to bring our products to life, from conception and validation to implementation. We constantly improve our existing Connected Fitness Products through frequent software updates with new and innovative interactive features. We are committed to leveraging data to continuously improve our Member experience by studying and understanding points of interaction and how our Members use our software features.

Video streaming and storage are provided by third-party cloud providers. By leveraging these third parties, we are able to focus our resources on creating product enhancements and new software features. In addition, our technology platform is designed with redundancy and high availability in mind in order to minimize Member service disruption.

Content and Music

We create engaging-to-the-point-of-addictive original fitness and wellness content in an authentic live environment that is immersive, motivating, and encourages a sense of community. We combine high production value content with a broad catalogue of music to create a truly unique fitness experience our Members love.

Content Development

We use performance data to understand our Members' workout habits in order to evolve and optimize our programming around class type, length, music, and other considerations. We have developed a diverse content library with thousands of classes across an extensive range of class lengths, difficulty levels, and fitness preferences ranging from fun and flexible to structured and highly technical, all of which our Members easily access through filtering and search capabilities. We produce over 950 original programs per month from three production studios in New York City and London, with 29 instructors as of June 30, 2019, and across 10 fitness and wellness disciplines including indoor cycling, indoor/outdoor running and walking, bootcamp, yoga, strength training, stretching, meditation, and floor cardio. We entered into a long-term lease agreement at 5 Manhattan West in New York City in December 2017, which will serve as our fitness programming hub in North America and will feature four state-of-the-art production studios. We anticipate that this facility will open in Spring 2020.

As we further expand internationally, we will develop localized content, as we have done in the United Kingdom where we produce content featuring three local instructors as of June 30, 2019. In September 2018, we entered into a long-term lease agreement at 11 Floral Street in London, England, which will serve as our fitness programming hub in Europe with three state-of-the-art production studios. As we expand into Germany and other non-English-speaking countries, we will produce classes in local languages from this location and use subtitling for our English-speaking programming. We may selectively open small, local studios to supplement our international programming.

Instructors

In front of the camera, our 29 celebrated instructors play a critical role in bringing the Peloton experience to life for our Members. Our instructors are not only authorities in their respective areas of fitness, but also relatable, magnetic personalities who inspire passionate followings. We offer a diverse cast of instructors that allows us to appeal to a broad audience of Members. Our instructors inspire our Members both on and off the camera and attend showroom openings and other Member-focused events where they meet and interact with our Members. Our Members feel connected to our instructors, and many Members travel from far distances to take a class at our New York City studios.

World Class Peloton Instructors

Production Team

Behind the camera, our studio production teams are dedicated to creative excellence. We have top production talent representing decades of experience at major broadcast and cable networks, some of whom have won Emmy Awards for production excellence. Our teams provide dedicated creative support to our instructors before, during, and after live productions with the help of content performance data. We are focused on efficiency while maintaining high-quality production. All classes are shot in broadcast quality environments with a fraction of the staff and budget typical of a major network show. This allows us to deliver a constant stream of live-produced, authentic fitness and wellness programming with cinematic quality that provides clarity of instruction and entertainment value.

Music and Music Technology

We have developed a proprietary music platform that fuels the workout experience with thoughtfully curated playlists that align with our Members' musical preferences. We have over a million songs under license, representing the largest audiovisual connected fitness music catalog in the world. Our curated music is as diverse and dynamic as the Members we serve, delivering a custom-fit-and-finish musical experience created by instructors and music supervisors on our production team.

We control the intersection of fitness and music in a deeply engaging way, motivating Members to achieve their fitness goals while discovering great music in the process. Peloton is a discovery resource for new artists and songs while also providing the opportunity for our Members to re-discover music they love. Members consistently rank the music we provide as one of their favorite aspects of the Peloton experience. We believe we have defined a new standard for musical content development in the fitness and wellness categories, which includes premiering new music, working with artists to co-curate classes based on their own music or influences, and partnering to create new music.

We have applied, and will continue to apply, technological solutions to enhance our music platform including:

- data-driven playlist recommendations for our instructors and music supervisors to use in developing class plans;
- instructor-facing song search and filtering functions, including the ability to search by song length and BPM;
- real-time music and content management and reporting;
- for Members, a display of every song played in a class, including artist name and associated artwork;
- ability for Members to "like" songs they discover anywhere on our platform and save it to their profile; and
- integrations with Spotify and Apple Music, enabling Members to sync songs they hear on Peloton to their streaming service.

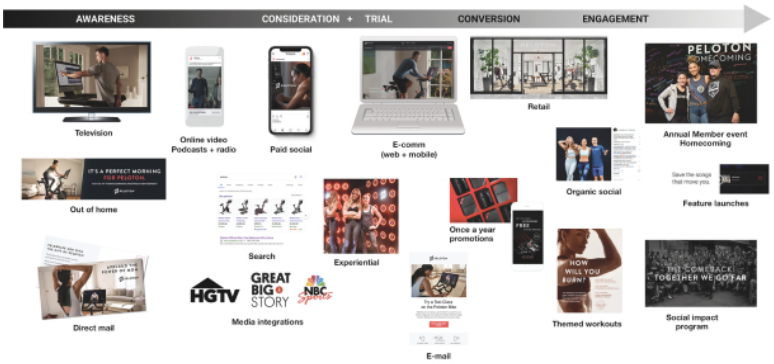
Music Rights Strategy

We have built a world class music content management and reporting system to meet the needs of our music rights holders in order to support our highly-engaged, growing global community of over 1.4 million Members. Peloton is increasingly seen by our partners as an impactful music discovery platform, which has created opportunities to progressively and meaningfully enhance our classes with custom music experiences. We expect this to continue as we invest in music-first technology to improve the quality of our Members' experience, strengthen our competitive advantage over other fitness platforms, and add value to our Members.

Sales and Marketing

Our goal is to increase brand awareness and purchase intent for our Connected Fitness Products and subscriptions. We use a unique combination of brand and product-specific performance marketing to build brand awareness and generate predictable sales of our Connected Fitness Products. In just a few years, Peloton's aided brand awareness has grown significantly, and as of April 3, 2019, our aided brand awareness in the United States was 67%. Our marketing strategies have focused on product education and broadening our demographic reach. Our fastest growing demographic segments included Members under the age of 35 and Members making under $75,000 in annual household income.

Video has been the strongest medium to communicate the features of the Peloton platform. We primarily market through advertisements on broadcast and cable television, social media, and over-the-top providers such as Hulu and YouTube to reach our target audience, focusing on incremental return on investment. Our direct-to-consumer model allows us to conduct frequent tests in our sales channels, including testing our brand creative and messages, allowing us to further optimize marketing spend. We also frequently test alternative marketing channels, such as podcasts and other forms of audio advertising, as well as direct mailing.



Direct to Consumer, Multi-Channel Sales Model

We sell our products directly to customers through a multi-channel sales platform that includes e-commerce, inside sales, and showrooms. Our sales associates use robust customer relationship management tools to deliver an elevated, personalized, and educational purchase experience, regardless of channel of capture and conversion. Integration and coordination across all sales channels is critical to the customer journey, evidenced by over 37% of our customers purchasing a product or service in a different channel than where they originally engaged with Peloton in fiscal 2019.

- *E-Commerce and Inside Sales:* Our desktop and mobile websites, www.onepeloton.com, www.onepeloton.co.uk, and www.onepeloton.ca, provide an elevated brand experience where visitors can learn about our products and services and access product reviews. Our inside sales team engages with customers by phone, email, and online chat on our websites, and offers one-on-one sales consultations seven days a week.

- *Showrooms:* Our showrooms allow customers to experience and try our products. We provide interactive product demonstrations and many of our showrooms have private areas where customers can do a “test ride” or “test run.” We frequently host Peloton community events in our showrooms, which help deepen brand engagement and loyalty.
- *Commercial:* The commercial and hospitality markets represent a small percentage of sales but are important to driving trial and brand awareness. Our Bikes in hospitality locations help keep our Members riding when they travel, creating further Member engagement, loyalty, and convenience. Across our markets as of June 30, 2019, there were 1,298 Peloton Bikes in 696 hotels and resorts.

Showroom Site Strategy

As of June 30, 2019, we operated 74 showrooms across the United States, Canada and the United Kingdom. Our showrooms are located primarily in upscale malls, lifestyle centers, and premium street locations. When evaluating potential new markets, we carefully examine historical sales data, key demographics, traffic patterns, geographic locations, and co-tenancy of other complementary lifestyle-oriented retailers. In the United States, we attempt to cluster stores around major urban markets and suburbs while also operating in super regional and regional centers that draw from a greater trade area. In Canada and the United Kingdom, we will continue to focus on major urban markets. We target locations where we expect payback of one year or less and positive contributions to EBITDA within the first year of operation.

We operate two showroom formats including our large showrooms which range from 1,500 to 2,000 square feet and “microstores” which are typically around 300 square feet. Large showrooms comprise 70% of our retail locations and provide space for Connected Fitness Products and Peloton-branded apparel, as well as private areas for “test rides” and “test runs.” Microstores represent 30% of our retail locations and are typically placed in highly visible “center court” areas. Our showroom leases are typically five to ten years in lease duration while microstores are typically open for up to 1.5 years. Microstores allow us to test markets and specific shopping areas, and provide a temporary location while searching for the ideal large showroom space.

Peloton Microstore

Peloton Showroom

Retention Marketing & Member Support Services

The retention marketing team is focused on driving engagement to help us maintain our high Connected Fitness Subscriber retention rates. The team develops new ways to promote engagement with our products and community or help Members reengage with our platform when activity has lapsed. The retention team helps curate goal-based challenges, awards digital badges for Member accomplishments, and sends Peloton-branded “Century Club” shirts after a Member’s 100th class. The team also communicates with Members with no recent activity through email campaigns that help encourage these Members to get back to their workout routine. The retention marketing team also collects and responds to feedback about our platform that is on our closed Facebook group of over 180,000 Members as of June 30, 2019.

In order to bring our community together, we organize several in-person events throughout the year including welcoming Members for workouts, milestone celebrations, and instructor meet-and-greets at our production studios in New York City. We also host Members at our showrooms, and celebrate our Members with our flagship Member event, Peloton Homecoming, held in New York City each May. At Peloton Homecoming 2019, we welcomed nearly 3,000 individuals to New York City to participate in three days of events including scheduled talks, a community celebration, and fitness classes.

The Member support team was created to serve all the needs of our customers and Members including sales support, scheduling, delivery, installation, account and billing inquiries, Connected Fitness Product trouble-shooting and repair, product education, returns and exchanges, and anything else our Members need. This team primarily operates in New York City and Plano, Texas. We also utilize some additional third-party support services in Ireland and North America to help us efficiently scale our team.

Manufacturing

We outsource the manufacturing of our products to multiple contract manufacturers located in Asia. The components used in our products are sourced either directly by us or on our behalf by our contract manufacturers from a variety of component suppliers. To continue to provide our Members with leading fitness technology, our supply chain team coordinates the relationships between our contract manufacturers and component suppliers. We regularly review our existing contract manufacturers and component suppliers, and evaluate new partners and suppliers, to ensure that we can scale our manufacturing base as we grow.

We purchase from our primary contract manufacturers on a purchase order basis. Under our governing agreements, our contract manufacturers must follow our established product design specifications, quality assurance programs, and manufacturing standards. We have developed preferred relationships with our partners to maintain access to the resources needed to scale seasonally and ensure our partners have the requisite experience to produce our Connected Fitness Products and accessories. We pay for and own certain tooling and equipment specifically required to manufacture our products to have control of supply and component pipelines. We have purchase commitments based on our purchase orders for certain amounts of goods, work-in-progress, and components.

In order to mitigate against the risks related to a single source of supply, we qualify alternative suppliers and manufacturers when possible, and develop contingency plans for responding to disruptions, including maintaining adequate inventory of any single source components and products. To date, we have not experienced material delays in obtaining any of our components or products.

At each of our manufacturers' facilities, we have a quality team that is involved throughout the entire development process. To ensure consistent quality, we routinely perform product audits on non-core suppliers and staff full-time supplier quality engineers at core product manufacturing sites.

Logistics and Fulfillment

To control every touchpoint of our product and service offering, we have built networks of last mile field operations centers, which have further expanded from the United States into Canada and the United Kingdom. With 24 locations in major markets of North America and two locations in the United Kingdom as of June 30, 2019, our field operations team supports in-home delivery of our Connected Fitness Products with professional high-touch set up service and ongoing in-home service and care. As highly trained experts on our products and services, our field specialists offer product education, assistance with account set up, and tips and recommendations for product care and content selection. As we grow our logistics network, we are able to efficiently service, deploy, and install replacement parts to our Members over time.

With our commitment to our Members-first approach, we will continue to invest to strengthen our field operations' coverage in locations we identify as cost-effective delivery markets throughout North America and in new international regions. To further scale our distribution system and maintain flexibility, we also work with third-party fulfillment partners that deliver our products from multiple locations in the United States, Canada, and the United Kingdom. Third-party fulfillment partnerships allow us to reduce order fulfillment time, reduce shipping costs, and expand our geographical reach. Our field operations performed 58% of Connected Fitness Product deliveries during fiscal 2019.

Intellectual Property

The protection of our technology and intellectual property is an important aspect of our business. We rely upon a combination of patents, trademarks, trade secrets, copyrights, confidentiality procedures, contractual commitments, and other legal rights to establish and protect our intellectual property. We generally enter into confidentiality agreements and invention or work product assignment agreements with our employees and consultants to control access to, and clarify ownership of, our proprietary information.

As of June 30, 2019, we held six issued U.S. patents and had 22 U.S. patent applications pending. We also held 13 patent applications pending in foreign jurisdictions. Our U.S. issued patents expire between May 20, 2025 and July 16, 2034. As of

June 30, 2019, we held 10 registered trademarks in the United States, including the Peloton mark and our "P" logo and also held 63 registered trademarks in foreign jurisdictions. We continually review our development efforts to assess the existence and patentability of new intellectual property. We intend to continue to file additional patent applications with respect to our technology.

Intellectual property laws, procedures, and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed, or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology.

Government Regulation

We are subject to many varying laws and regulations in the United States, the United Kingdom, the European Union and throughout the world, including those related to privacy, data protection, content regulation, intellectual property, consumer protection, e-commerce, marketing, advertising, messaging, rights of publicity, health and safety, employment and labor, product liability, accessibility, competition, and taxation. These laws often require companies to implement specific information security controls to protect certain types of information, such as personal data, "special categories of personal data" or health data. These laws and regulations are constantly evolving and may be interpreted, applied, created, or amended in a manner that could harm our current or future business and operations. In addition, it is possible that certain governments may seek to block or limit our products and services or otherwise impose other restrictions that may affect the accessibility or usability of any or all of our products and services for an extended period of time or indefinitely.

In the European Union, the General Data Protection Regulation, or the GDPR, became effective on May 25, 2018. The GDPR is intended to create a single legal framework that applies across all EU member states. However, there are certain areas where EU member states can deviate from the requirements in their own legislation. It is therefore likely that we will need to comply with these local regulations in addition to the GDPR. Local supervisory authorities are able to impose fines for non-compliance and have the power to carry out audits, require companies to cease or change processing, request information, and obtain access to premises. The GDPR created more stringent operational requirements for processors and controllers of personal data, including, for example, requiring enhanced disclosures to data subjects about how personal data is processed (including information about the profiling of individuals and automated individual decision-making), limiting retention periods of personal data, requiring mandatory data breach notification, and requiring additional policies and procedures to comply with the accountability principle under the GDPR. In addition, data subjects have more robust rights with regard to their personal data. Similarly, other jurisdictions are instituting privacy and data security laws, rules, and regulations, which could increase our risk and compliance costs.

Additionally, we are subject to laws, rules, and regulations regarding cross-border transfers of personal data, including laws relating to the transfer of personal data outside the European Economic Area, or EEA, and the United Kingdom (after Brexit). We rely on transfer mechanisms permitted under these laws, including the standard contract clauses, which have been subject to regulatory and judicial scrutiny. If these existing mechanisms for transferring personal data from the EEA, the United Kingdom, or other jurisdictions are unavailable, we may be unable to transfer personal data of employees or Members in those regions to the United States.

Competition

We believe that our first-mover advantage, leading market position, brand recognition, and vertically integrated platform set us apart in the rapidly growing market for connected, technology-enabled fitness. We provide a superior value proposition and benefit from the clear endorsement of our Connected Fitness Subscribers, giving us a competitive advantage versus traditional fitness and wellness products and services, and future potential entrants.

While we believe we are changing the consumption patterns for fitness and growing the market, the main sources of competition include in-studio fitness classes, fitness clubs, at-home fitness equipment and content, and health and wellness apps.

The areas in which we compete include:

- ***Consumers and Engagement.*** We compete for consumers to join our platform through Connected Fitness or Digital Subscriptions, and we seek to retain them through engagement and community.

- ***Product Offering.*** We compete with producers of fitness products and work to ensure that our Connected Fitness Products maintain the most innovative technology and user-friendly features.
- ***Talent.*** We compete for talent in every vertical across our company including technology, media, fitness, design, logistics, music, marketing, finance, legal, and retail. As our platform is highly dependent on technology and software, we require a significant base of engineers to continue innovating.

The principal competitive factors that companies in our industry need to consider include, but are not limited to: total cost, manufacturing efficiency, enhanced products and services, original content, product quality and safety, competitive pricing policies, vision for the market and product innovation, strength of sales and marketing strategies, technological advances, and brand awareness and reputation. We believe we compete favorably across all of these factors and we have developed a business model that is difficult to replicate.

Culture and People

pel•o•ton: /'pe-lə-, tän/ n. The main group of riders in a race.
Riders in a peloton work together, conserve energy and perform better because of one another.

Mission and Values

Like our brand, product, and content offerings, our culture is dynamic, unique, and framed by our expansive vision and passion for community and collaboration. For our people, the purpose and function of our culture is clear, and operates as a shared language of values and as a way of *getting things done* that permeates through the many areas in which we operate as a company. Our culture is shaped by our four primary values, described below:

- *Put Members First:* We obsess over every touchpoint of our Member experience. We have a Member-centered mindset that prioritizes a positive product and brand experience. We are proud to be pioneers and innovators of a global, product-oriented, fitness-centered community.
- *Operate with a Bias for Action:* We value innovation, continuous improvement, and challenging the status quo, all of which are keys to success in a competitive environment. We move quickly, take smart risks, fail fast and learn from failures. We never let the fear of imperfection stop us from achieving great things.
- *Empower Teams of Smart Creatives:* We hire individuals who are great at what they do, and encourage all of our team members to think openly and creatively to solve tough, exciting problems. We empower our team members to think and act like owners.
- *Together We Go Far:* As our company name suggests, we know the importance and value of a team. We know our collective differences make us stronger, and uphold the obligation to dissent and listen. We value inclusivity and we are proud that *everyone* can work to help solve difficult problems and have an impact.

To foster these values, we have committed to promote our “One Peloton” culture:

- *Best Place to Work*: We offer generous benefits and compensation packages, including equity to all full-time employees, parental leave, health and wellness offerings, family planning assistance, and learning and development opportunities.
- *Commitment to Equal Pay*: We conduct an annual third-party audit of team members’ pay to confirm that our pay-for-performance philosophy transcends race and gender. If an audit reveals any pay differences unexplained by legitimate business factors between team members who hold similar jobs, but are of different races or genders, we adjust the affected team members’ respective compensation accordingly.
- *Social Impact:* Our “Comeback Initiative” recognizes Members and non-Members nominated by themselves or others through sharing stories about their respective journeys back from a difficult time. Committees consisting of Peloton team members determine the individuals to recognize and, in turn, develop deeper connections to our community. Recognized individuals receive a Peloton Bike and three-year Connected Fitness Subscription. We believe this award offers motivation and encouragement to support those on their comeback journeys, while engaging and activating our community.

Employees

We are extremely proud of our team which embodies a diverse mix of backgrounds, industries, and levels of experience. As of June 30, 2019, we employed approximately 1,800 individuals in the United States across our New York City headquarters,

Plano campus, Atlanta office, showrooms, and 23 field operations warehouses. Internationally, we had 94 employees in the United Kingdom and Germany across corporate, showroom, and warehouse functions, 34 employees in Canada largely in showroom and warehouse roles, and 26 individuals in Taiwan across quality engineering and operations functions. Certain of our instructors are covered by collective bargaining agreements with the Screen Actors Guild-American Federation of Television and Radio Artists, or SAG-AFTRA. However, we are not signatories to any agreements with SAG-AFTRA. With the exception of SAG-AFTRA, none of our domestic employees are currently represented by a labor organization or a party to any collective bargaining. We also hire additional seasonal employees in our field operations, member support, and showrooms during the holiday season.

Facilities

Our corporate headquarters are located in New York City, where we occupy facilities totaling approximately 65,000 rentable square feet under a lease that expires in 2027. We use these facilities primarily for technology, product design, research and development, sales and marketing, supply chain and logistics, finance, legal, human resources, and information technology. In November 2018, we entered into a lease agreement for our planned new corporate headquarters in New York City, which we intend to occupy by the fall of 2020 and which consists of approximately 312,000 square feet under a 16-year lease. We also have a Member support and sales team located in Plano, Texas, where we occupy approximately 28,000 rentable square feet under a lease that expires in 2023.

In addition to our corporate headquarters and regional campus, we currently operate two small programming hubs in New York City where we produce our content and offer fitness classes. In December 2017, we entered into a twenty-year lease for approximately 36,000 rentable square feet in New York City, which will include four production studios and adjacent office space. In September 2018, we entered into a lease for 11 Floral Street in London, which will serve as our content production hub for Europe and has 31,150 rentable square feet. We expect to open this London location in Fall 2020. We currently operate a temporary production studio in London where we produce local indoor cycling content. We also lease office space and showrooms for our products in 74 locations in the United States, the United Kingdom, and Canada as of June 30, 2019.

We intend to procure additional space as we add employees and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future and that suitable additional space will be available to accommodate any expansion of our operations as needed.

Legal Proceedings

VR Optics

On August 11, 2016, VR Optics, LLC, or VR Optics, filed a lawsuit against us in the U.S. District Court for the Southern District of New York, alleging that we are infringing U.S. Patent No. 6,902,513 titled “Interactive fitness equipment,” or the '513 patent. On November 7, 2016, we filed counterclaims against VR Optics for declaratory judgment of non-infringement and invalidity and intentional interference with our contractual relationship with Villency Design Group, LLC, or VDG, a product design company we hired in 2012 to help design the Peloton Bike. We also filed an amended third-party complaint against VDG for breach of contract and the covenant of good faith and fair dealing, and Eric Villency and Joseph Coffey, the owners of VR Optics and VDG, for intentional interference with our contractual relationship with VDG. Among other things, we seek to enforce VDG’s contractual obligation to defend and indemnify us for intellectual property claims, including the patent claim asserted by VR Optics.

On December 9, 2016, VR Optics and VDG moved to dismiss all our non-patent counterclaims. In response, we amended our counterclaims to add a new claim against VDG for its fraudulent concealment of a potential patent infringement claim against us when Mr. Villency and Mr. Coffey first sought to acquire the '513 patent, which was prior to the expiration of our contract with VDG. On January 20, 2017, VR Optics, VDG, Mr. Villency, and Mr. Coffey filed a motion to dismiss the third-party complaint and one of our non-patent counterclaims against VR Optics. The motion to dismiss was denied on August 18, 2017. Fact discovery concluded on February 1, 2019. Expert discovery is complete. Summary judgment motions were filed by both parties in early July 2019 and decisions on them are pending. There is currently no trial date set.

We intend to defend the claims made against us and to prosecute the counterclaims presented. Litigation, however, is inherently uncertain, and any judgment or injunctive relief entered against us or settlement could materially and adversely impact our business, financial condition, operating results, and prospects. In addition, litigation can involve significant management time and attention, and the cost of litigation can be expensive, regardless of outcome.

Downtown Music Publishing

On March 19, 2019, Downtown Music Publishing LLC, ole Media Management, L.P., Big Deal Music, LLC, CYPMP, LLC, Peer International Corporation, PSO Limited, Peermusic Ltd., Peermusic III, Ltd., Peertunes, Ltd., Songs of Peer Ltd., Reservoir Media Management, Inc., The Richmond Organization, Inc., Round Hill Music LLC, The Royalty Network, Inc., and Ultra International Music Publishing, LLC filed a lawsuit against us in the U.S. District Court for the Southern District of New York, captioned Downtown Music Publ'g LLC, et. al v. Peloton Interactive, Inc., alleging that we engaged in copyright infringement by using certain accused songs in classes without necessary licenses. The plaintiffs allege that they are music publishers that own or control the copyrights in numerous musical works that were synchronized by us without the plaintiffs' authorization. The complaint asserts a single claim for copyright infringement. It seeks injunctive relief, more than $150 million in damages, and attorneys' fees and costs.

The plaintiffs served us with the summons and complaint on March 21, 2019. On April 30, 2019, we answered the complaint and filed counterclaims against the original named plaintiffs and National Music Publishers' Association, Inc., a trade association, alleging that they coordinated to collectively negotiate licenses in violation of the antitrust laws. Our counterclaims also assert that the trade association tortiously interfered with Peloton's attempts to engage in direct negotiations with music publishers in violation of state law. The counterclaims seek injunctive relief, monetary damages (to be trebled under applicable statute), and attorneys' fees and costs. An amended complaint filed on May 31, 2019 named additional plaintiffs Greensleeves Publishing Ltd., Me Gusta Music, LLC, Raleigh Music Publishing LLC, STB Music, Inc., and TuneCore, Inc. and identified additional musical works. We answered the amended complaint on June 14, 2019. On June 24, 2019, counter-defendants filed a motion to dismiss the counterclaims, to which we filed an opposition on August 8, 2019. Discovery on the claims and counterclaims is ongoing in the case.

We intend to defend the claims made against us and to prosecute the counterclaims presented. Litigation, however, is inherently uncertain, and any judgment or injunctive relief entered against us or settlement could materially and adversely impact our business, financial condition, operating results, and prospects. In addition, litigation can involve significant management time and attention, and the cost of litigation can be expensive, regardless of outcome.

Other

We are and, from time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any other legal proceedings that in the opinion of our management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows.

MANAGEMENT

Executive Officers and Non-Employee Directors

The following table provides information regarding our executive officers and directors as of June 30, 2019.

Name	Age	Position(s)
Executive Officers:		
John Foley	48	Chairman of the Board of Directors and Chief Executive Officer
William Lynch	49	President and Director
Jill Woodworth	47	Chief Financial Officer
Thomas Cortese	39	Chief Operating Officer and Head of Product Development
Hisao Kushi	54	Chief Legal Officer and Secretary
Non-Employee Directors:		
Erik Blachford(1)(3)*	52	Director
Karen Boone(2)	45	Director
Jon Callaghan(1)(2)	50	Director
Howard Draft(2)	65	Director
Jay Hoag(3)	61	Director
Pamela Thomas-Graham(1)(3)	56	Director

* Lead independent director.

(1) Member of the Nominating, Governance, and Corporate Responsibility Committee.

(2) Member of the Audit Committee.

(3) Member of the Compensation Committee.

Executive Officers

John Foley is one of our co-founders and has served as our Chief Executive Officer since June 2012 and chairman of our board of directors since April 2015 when we converted from a limited liability company to a Delaware corporation. Before our founding, Mr. Foley served as the President of eCommerce at Barnes & Noble, Inc., a retailer of content, digital media, and educational products, from August 2010 to June 2012. From March 2005 to August 2010, Mr. Foley served as the co-founder and Chief Executive Officer of Pronto.com, a price comparison service platform and a subsidiary of IAC/InterActiveCorp, a media and internet company. Mr. Foley holds a B.S. in Industrial Engineering from the Georgia Institute of Technology and an M.B.A. from Harvard Business School. We believe Mr. Foley is qualified to serve on our board of directors because of the historical knowledge, operational expertise, leadership, and continuity that he brings to our board of directors as our co-founder and Chief Executive Officer.

William Lynch has served as our President since January 2017 and as a member of our board of directors since August 2019. Prior to joining us, Mr. Lynch served as the Chief Executive Officer of Savant Systems, LLC, a luxury smart home technology company, from May 2014 to November 2016. From March 2010 to June 2013, Mr. Lynch served as the Chief Executive Officer of Barnes & Noble, and from February 2009 to March 2010, Mr. Lynch served as the President of Barnes & Noble.com, a business division of Barnes & Noble, where he oversaw the creation of the Nook product line and software. Mr. Lynch has also held senior management roles at HSN.com, IAC/InterActiveCorp, and Palm Computing. Mr. Lynch previously served on the board of directors of Barnes & Noble from October 2011 to July 2013. Mr. Lynch holds a B.S. in Economics from the University of Texas at Austin and an M.B.A. from Columbia Business School. We believe Mr. Lynch is qualified to serve on our board of directors because of the strategic and operational experience and leadership that he brings as our President and the former chief executive officer and executive leader of public and private companies.

Jill Woodworth has served as our Chief Financial Officer since April 2018. From April 2006 to April 2018, Ms. Woodworth served as a Managing Director for J.P. Morgan, a multinational investment bank and financial services company. From July 1994 to April 2006, Ms. Woodworth worked in investment banking at Morgan Stanley & Co. LLC, a multinational investment bank and financial services company, where she held various positions within equity capital markets and client coverage. Ms. Woodworth holds a B.S. in Economics from the Massachusetts Institute of Technology.

Thomas Cortese is one of our co-founders and has served as our Chief Operating Officer since February 2012 and Head of Product Development since April 2019. Prior to our founding, Mr. Cortese served as the Chief Executive Officer of Proust.com, an online social media and memory sharing company, and a subsidiary of IAC/InterActiveCorp, from February 2010 to January 2012. From February 2008 to February 2010, Mr. Cortese served as the Vice President of Product Management at Pronto.com, a price comparison service platform and a subsidiary of IAC/InterActiveCorp, a media and internet company. Mr. Cortese holds a B.A. in Philosophy from The George Washington University.

Hisao Kushi is one of our co-founders and has served as our Secretary since March 2015 and our Chief Legal Officer since June 2015. Prior to that, Mr. Kushi served as an advisor to us from January 2012 to May 2015. From November 2013 to January 2015, Mr. Kushi served as the Chief Operating Officer of Evite, Inc., a social-planning website for creating and sending digital invitations, and a subsidiary of Liberty Media Corporation. From December 2010 to April 2014, Mr. Kushi served as General Counsel to a variety of companies owned by Liberty Media including BuySeasons, Inc., Evite, and Gifts.com. Prior to Liberty Media, between 2003 and 2010, Mr. Kushi served as general counsel to a number of companies owned by IAC/InterActiveCorp, including Citysearch, Pronto, and Proust, among others. Mr. Kushi holds a B.A. in English from the University of Massachusetts Amherst and a J.D. from Boston College.

Non-Employee Directors

Erik Blachford has served as a member of our board of directors since April 2015. As an independent venture capital investor and advisor since January 2011, he focuses on consumer tech and travel companies and has invested in companies such as Zillow, Glassdoor, Grove Collaborative, and Hotel Tonight. He was a member of the founding team at Expedia, and served as the company's second Chief Executive Officer, then as the Chief Executive Officer of IAC/InterActiveCorp's travel division, IAC Travel, until 2005. He was the Chief Executive Officer at Terrapass, Inc. from April 2007 to September 2009, and the Chief Executive Officer at Butterfield & Robinson, Inc. from September 2009 to January 2011. Mr. Blachford has also consulted as a Venture Partner at Technology Crossover Ventures, a private equity and venture capital firm, since March 2011. Mr. Blachford currently serves on the board of directors of Zillow Group, Inc. and several private companies. He holds a B.A. in English and theater from Princeton University, an M.B.A. from Columbia Business School, and an M.F.A. in Creative Writing from San Francisco State University. We believe Mr. Blachford is qualified to serve on our board of directors based on his strategic and operational experience as a former executive officer and his extensive experience working with the management teams of, and investing in, a number of privately and publicly held companies.

Karen Boone has served as a member of our board of directors since January 2019. Ms. Boone most recently served as the President, Chief Financial and Administrative Officer of Restoration Hardware, Inc., a home furnishings company, from May 2014 to August 2018 and as Chief Financial Officer from June 2012 to May 2014. Prior to that, from 1996 to 2012, Ms. Boone held various roles at Deloitte & Touche LLP, a public accounting firm, most recently as an Audit Partner. Ms. Boone currently serves on the board of directors of Sonos, Inc. Ms. Boone holds a B.S. in Business Economics from the University of California, Davis. We believe Ms. Boone is qualified to serve on our board of directors because of her extensive experience leading a consumer brand and her expertise and background with regard to accounting and financial matters.

Jon Callaghan has served as a member of our board of directors since April 2015. Mr. Callaghan is a founder and Managing Member of True Ventures, a venture capital firm, where he has served since January 2006. Prior to True Ventures, Mr. Callaghan served as a Managing Director at Globespan Capital, a venture capital firm, and as a Managing Partner at CMGI@Ventures, CMGI Inc.'s affiliated venture capital group. Mr. Callaghan served on the board of directors of Fitbit, Inc. from September 2008 to May 2018 and currently serves as a member of the board of directors of several private companies. Mr. Callaghan holds a B.A. in Government from Dartmouth College and an M.B.A. from Harvard Business School. We believe Mr. Callaghan is qualified to serve on our board of directors because of his extensive experience working with the management teams of, and investing in, a number of privately and publicly held companies.

Howard Draft has served as a member of our board of directors since April 2015. Mr. Draft retired as the Executive Chairman at DraftFCB, a global integrated marketing communications firm in 2015. He was Chairman and CEO of DraftWorldWide from 1988 until 2006, at which time FCB and Draft were merged. Mr. Draft served as their Chairman and CEO until 2009. Mr. Draft previously sat on the board of directors of optionsXpress Holdings, Inc. from April 2007 until its acquisition by Charles Schwab Corporation in September 2011. Mr. Draft holds a B.A. in Philosophy and Art History from Ripon College. We believe Mr. Draft is qualified to serve on our board of directors because he brings entrepreneurial and

executive management experience, particularly in the areas of direct marketing and integrated marketing offerings on a global basis.

Jay Hoag has served as a member of our board of directors since August 2018. Mr. Hoag is a co-founder and General Partner of Technology Crossover Ventures where he has served since June 1995. Mr. Hoag currently serves on the board of directors of Electronic Arts Inc., Tripadvisor, Inc., Zillow Group, Inc., and Netflix Inc. and several private companies. Mr. Hoag also previously served on the board of directors of various public companies, including, TechTarget, Inc. from May 2004 to July 2016. Mr. Hoag holds a B.A. from Northwestern University and an M.B.A. from the University of Michigan. We believe Mr. Hoag is qualified to serve on our board of directors because of his extensive experience working with the management teams of, and investing in, a number of privately and publicly held companies.

Pamela Thomas-Graham has served as a member of our board of directors since March 2018. Ms. Thomas-Graham is the founder and has served as the Chief Executive Officer at Dandelion Chandelier LLC, a private digital media enterprise focused on the world of luxury, since August 2016. From October 2015 to August 2016, Ms. Thomas-Graham served as Chair, New Markets, of Credit Suisse Group AG, a multinational investment bank and financial services company, and from January 2010 to October 2015, she served as Chief Marketing and Talent Officer, Head of Private Banking & Wealth Management New Markets, and member of the Executive Board of Credit Suisse. From January 2008 to January 2010, she served as a Managing Director at Angelo, Gordon & Co., a privately-held investment firm. From September 2005 to December 2007, Ms. Thomas-Graham was Group President of Liz Claiborne Inc.'s Women's Better and Moderate Apparel business unit. She also served as President, Chief Executive Officer, and Chairman of NBC Universal's CNBC television business unit, Director of CNBC International, and President and Chief Executive Officer of CNBC.com. Ms. Thomas-Graham currently serves on the board of directors of Bank of N.T. Butterfield & Son, Norwegian Line Holdings Ltd., and The Clorox Company. Ms. Thomas-Graham holds a B.A. in Economics from Harvard University and a joint M.B.A. from Harvard Business School and J.D. from Harvard Law School. We believe Ms. Thomas-Graham is qualified to serve on our board of directors because she brings invaluable strategic, operational, and corporate governance experience as a chief executive officer and executive leader of public and private companies.

Appointment of Officers

Our executive officers are appointed by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.

Board of Directors Composition

Current Board of Directors

Our board of directors currently consists of eight members with no vacancies. Pursuant to our amended and restated certificate of incorporation as in effect prior to the completion of this offering and amended and restated voting agreement, Mses. Boone and Thomas-Graham and Messrs. Blachford, Callaghan, Draft, Foley, Hoag, and Lynch have been designated to serve as members of our board of directors. Pursuant to our amended and restated voting agreement (1) the seat occupied by Mr. Foley is elected by the holders of a majority of our common stock, voting separately as a single class, as the designee of Mr. Foley; (2) the seat occupied by Mr. Lynch is elected by the holders of a majority of our Series B redeemable convertible preferred stock, voting separately as a single class, as the designee of the holders of a majority of our Series B redeemable convertible preferred stock held by Tiger Global Private Investment Partners VII, L.P.; (3) the seat occupied by Mr. Callaghan is elected by the holders of a majority of our Series C redeemable convertible preferred stock, voting separately as a single class, as the designee of the holders of a majority of our Series C redeemable convertible preferred stock held by True Ventures IV, L.P; (4) the seat occupied by Mr. Hoag is elected by the holders of a majority of our Series F redeemable convertible preferred stock, voting separately as a single class, as the designee of the holders of a majority of our Series F redeemable convertible preferred stock held collectively by all entities affiliated with TCV; and (5) the seats occupied by Mses. Boone and Thomas-Graham and Messrs. Blachford and Draft are elected by the holders of a majority of our capital stock, voting together as a single class on an as-converted basis. The provisions of our amended and restated certificate of incorporation and the amended and restated voting agreement by which the directors are currently elected will terminate in connection with this offering and there will be no contractual obligations regarding the election of our directors following this offering.

After this offering, the number of directors will be fixed by our board of directors, subject to the terms of our restated certificate and restated bylaws that will become effective upon the completion of this offering. Each of our current directors

will continue to serve until the election and qualification of his or her successor, or his or her earlier death, resignation, or removal.

Classified Board of Directors

Our restated certificate of incorporation that will be in effect upon the completion of this offering provides that, upon the completion of this offering, our board of directors will be divided into three classes with staggered three-year terms. Upon expiration of the term of a class of directors, directors for that class will be elected for three-year terms at the annual meeting of stockholders in the year in which that term expires. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Each director's term will continue until the election and qualification of his or her successor, or his or her earlier death, resignation, or removal. Our directors will be divided among the three classes as follows:

- Class I directors, whose initial term will expire at the annual meeting of stockholders to be held in fiscal 2021, will consist of Howard Draft, Erik Blachford, and Pamela Thomas-Graham;
- Class II directors, whose initial term will expire at the annual meeting of stockholders to be held in fiscal 2022, will consist of John Callaghan and Jay Hoag; and
- Class III directors, whose initial term will expire at the annual meeting of stockholders to be held in fiscal 2023, will consist of John Foley, William Lynch, and Karen Boone.

Our restated certificate of incorporation and restated bylaws that will be in effect upon the completion of this offering provide that only our board of directors may fill vacancies on our board. 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 total number of directors.

The classification of our board of directors may have the effect of delaying or preventing changes in our control or management. See the section titled "Description of Capital Stock—Anti-Takeover Provisions—Restated Certificate of Incorporation and Restated Bylaws Provisions" for additional information.

Director Independence

Our Class A common stock will be listed on the Nasdaq Global Select Market. Under the rules of Nasdaq, independent directors must comprise a majority of a listed company's board of directors within a specified period of the completion of this offering. In addition, rules require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating, governance, and corporate responsibility committees be independent. Under rules, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

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

Our board of directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors determined that Mses. Boone and Thomas-Graham and Messrs. Blachford, Callaghan, Draft, and Hoag are "independent directors" as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq. In making these determinations, our board of directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and current and prior relationships as they may relate to us and our management, including the beneficial ownership of our capital stock by each non-employee director and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Lead Independent Director

Our board of directors will adopt, effective prior to the completion of this offering, corporate governance guidelines that provide that one of our independent directors will serve as our lead independent director. Our board of directors has appointed Mr. Blachford to serve as our lead independent director. As lead independent director, Mr. Blachford will provide leadership to our board of directors if circumstances arise in which the role of chief executive officer and Chairperson of our board of directors may be, or may be perceived to be, in conflict, and perform such additional duties as our board of directors may otherwise determine and delegate.

Committees of Our Board of Directors

Our board of directors has established an audit committee, a compensation committee, and a nominating, governance, and corporate responsibility committee, each of which will have the composition and responsibilities described below as of the closing of this offering. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Each committee will operate under a written charter approved by our board of directors that satisfies the applicable rules of the SEC and the listing standards of Nasdaq. Following this offering, copies of each committee's charter will be posted on the Investor Relations section of our website.

Audit Committee

Our audit committee is comprised of Ms. Boone and Messrs. Callaghan and Draft. Ms. Boone is the chairperson of our audit committee. Ms. Boone and Messrs. Callaghan and Draft each meet the requirements for independence under the current Nasdaq listing standards and SEC rules and regulations. In addition, our board of directors has determined that Ms. Boone is an "audit committee financial expert" as defined in Item 407(d) of Regulation S-K promulgated under the Securities Act. This designation does not impose on Ms. Boone any duties, obligations, or liabilities that are greater than are generally imposed on members of our audit committee and our board of directors. Each member of our audit committee is financially literate. Our audit committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our consolidated financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;
- considering the adequacy of our internal controls;
- reviewing proposed waivers of the code of conduct for directors, executive officers, and employees (with waivers for directors or executive officers to be approved by the board of directors);
- inquiring about significant risks, reviewing our policies for risk assessment and risk management, including cybersecurity risks, and assessing the steps management has taken to control these risks;
- reviewing related party transactions that are material or otherwise implicate disclosure requirements; and
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation Committee

Our compensation committee is comprised of Ms. Thomas-Graham and Messrs. Blachford and Hoag. Mr. Blachford is the chairperson of our compensation committee. The composition of our compensation committee meets the requirements for independence under the current listing standards and SEC rules and regulations. Each member of this committee is a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act. Our compensation committee is responsible for, among other things:

- reviewing and approving the compensation and the terms of any compensatory agreements of our executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our stock and equity incentive plans;

- reviewing and approving, or making recommendations to our board of directors with respect to, incentive compensation and equity plans; and
- establishing our overall compensation philosophy.

Nominating, Governance, and Corporate Responsibility Committee

Our nominating, governance, and corporate responsibility committee is comprised of Ms. Thomas-Graham and Messrs. Blachford and Callaghan. Ms. Thomas-Graham is the chairperson of our nominating, governance, and corporate responsibility committee. The composition of our nominating, governance, and corporate responsibility committee meets the requirements for independence under the current Nasdaq listing standards and SEC rules and regulations. Our nominating, governance, and corporate responsibility committee is responsible for, among other things:

- identifying and recommending candidates for membership on our board of directors;
- recommending directors to serve on board committees;
- reviewing and recommending our corporate governance guidelines and policies;
- reviewing succession plans for senior management positions, including the chief executive officer;
- oversee any program relating to corporate responsibility and sustainability, including environmental, social and corporate governance matters;
- evaluating, and overseeing the process of evaluating, the performance of our board of directors and individual directors; and
- advising our board of directors on corporate governance matters.

Board Diversity

Each year, our nominating, governance, and corporate responsibility committee will review, with the board of directors, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. In evaluating the suitability of individual candidates, our nominating, governance, and corporate responsibility committee will consider factors including, without limitation, an individual's character, integrity, judgment, potential conflicts of interest, other commitments, and diversity. While we have no formal policy regarding board diversity for our board of directors as a whole nor for each individual member, the nominating, governance, and corporate responsibility committee does consider such factors as gender, race, ethnicity and experience, area of expertise, as well as other individual attributes that contribute to the total diversity of viewpoints and experience represented on the board of directors.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our board of directors or compensation committee during fiscal 2019.

In August 2018, we sold shares of our Series F redeemable convertible preferred stock to entities affiliated with TCV. In a private placement, entities affiliated with TCV have agreed, subject to certain regulatory conditions, to purchase a number of shares of Class A common stock with an aggregate purchase price of approximately $50.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, this would be 1,818,181 shares of Class A common stock. Mr. Hoag, a member of our compensation committee, is a General Partner of TCV. Mr. Blachford, the chair of our compensation committee, is a Venture Partner at TCV. See the section titled "Certain Relationships and Related-Party Transactions—Series F Redeemable Convertible Preferred Stock Financing and—Private Placement" for additional information.

Code of Conduct

Our board of directors has adopted a code of conduct that applies to all of our employees, officers, and directors, which will become effective upon the effectiveness of this registration statement of which this prospectus is a part. The full text of our code of conduct will be posted on the Investor Relations section of our website. The reference to our website address in this prospectus does not include or incorporate by reference the information on our website into this prospectus. We intend to disclose future amendments to certain provisions of our global code of conduct, or waivers of these provisions, on our website or in public filings.

Non-Employee Director Compensation

The table below provides information regarding the total compensation of the non-employee members of our board of directors who served on our board of directors during fiscal 2019. Mr. Foley, our only employee director, received no compensation for his service as a director in fiscal 2019. Other than as set forth in the table and described more fully below, during fiscal 2019, we did not pay any fees to, make any equity awards or non-equity awards to, or pay any other compensation to the non-employee members of our board of directors.

Name	Option Awards ($)(1)(2)	Total ($)
Erik Blachford	$ 2,594,800	$2,594,800
Karen Boone	3,892,200	3,892,200
Jon Callaghan	—	—
Howard Draft	2,594,800	2,594,800
Lee Fixel*	—	—
Jay Hoag	—	—
Pamela Thomas-Graham	2,594,800	2,594,800

* Mr. Fixel resigned from our board of directors in August 2019.

(1) The amounts reported in the Option Awards column represent the grant date fair value of the stock options granted to our non-employee directors during fiscal 2019 as computed in accordance with FASB Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 13 of the notes to our consolidated financial statements included elsewhere in this prospectus. Note that the amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by our non-employee directors from the stock options.

(2) The following table sets forth information on stock options granted to non-employee directors during fiscal 2019, the aggregate number of shares of our Class B common stock underlying outstanding stock options held by our non-employee directors as of June 30, 2019, and the aggregate number of shares of our Class B common stock underlying outstanding unvested stock options held by our non-employee directors as of June 30, 2019:

Name	Number of Shares Underlying Stock Options Granted in Fiscal 2019	Number of Shares Underlying Stock Options Held at Fiscal Year End	Number of Shares Underlying Unvested Stock Options Held at Fiscal Year End
Erik Blachford	400,000(1)	1,340,000(2)	562,083
Karen Boone	600,000(3)	600,000(3)	537,500
Jon Callaghan	—	—	—
Howard Draft	400,000(1)	582,919(4)	582,917
Lee Fixel	—	—	—
Jay Hoag	—	—	—
Pamela Thomas-Graham	400,000(1)	600,000(5)	495,833

(1) The stock option for 400,000 shares vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the January 17, 2019 vesting commencement date. The stock option is early exercisable. The stock option also provides that, in the event of a change in control, all of the unvested shares subject to the stock option will become immediately vested and exercisable as of the date immediately prior to the change in control. Such stock option is subject to continued service as a director.

(2) Consists of (a) a stock option for 600,000 shares that vests at a rate of 1/4th of the shares of our Class B common stock underlying the stock option vesting on March 30, 2016 and the remaining shares subject to the stock option vest at a rate of 1/48th of the shares of our Class B common stock underlying the stock option monthly thereafter, (b) a stock option for 180,000 shares that vests at a rate of 1/4th of the shares of our Class B common stock underlying the stock option on July 12, 2018 and the remaining shares subject to the stock option vest at a rate of 1/48th of the shares of our Class B common stock underlying the stock option monthly thereafter, (c) a stock option for 160,000 shares that vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the March 15, 2018 vesting commencement date, and (d) a stock option for 400,000 shares that vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the January 17, 2019 vesting commencement date. The stock options are early exercisable. The stock options also provide that, in the event of a change in control (as defined in the applicable stock option agreement), all of the unvested shares subject to the stock options will become immediately vested and exercisable as of the date immediately prior to the change in control. Such stock options are subject to continued service as a director.

(3) Consists of (a) a stock option for 200,000 shares that vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the January 6, 2019 vesting commencement date and (b) a stock option for 400,000 shares that vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the January 17, 2019 vesting commencement date. The stock options are early exercisable. The stock options also provide that, in the event of a change in control, all of the unvested shares subject to the stock options will become immediately vested and exercisable as of the date immediately prior to the change in control. Such stock options are subject to continued service as a director.

(4) Consists of (a) a stock option for 220,000 shares that vests at a rate of 1/4th of the shares of our Class B common stock underlying the stock option on July 12, 2018 and the remaining shares subject to the stock option vest at a rate of 1/48th of the shares of our Class B common stock underlying the stock option monthly thereafter, (b) a stock option for 160,000 shares that vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the March 15, 2018 vesting commencement date, and (c) a stock option for 400,000 shares that vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the January 17, 2019 vesting commencement date. The stock options are early exercisable. The stock options also provide that, in the event of a change in control, all of the unvested shares subject to the stock options will become immediately vested and exercisable as of the date immediately prior to the change in control. Such stock options are subject to continued service as a director.

(5) Consists of (a) a stock option for 200,000 shares that vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the March 26, 2018 vesting commencement date and (b) a stock option for 400,000 shares that vests at a rate of 1/48th of the shares of our Class B common stock underlying the stock option each month following the January 17, 2019 vesting commencement date. The stock options are early exercisable. The stock options also provide that, in the event of a change in control, all of the unvested shares subject to the stock options will become immediately vested and exercisable as of the date immediately prior to the change in control. Such stock options are subject to continued service as a director.

In connection with this offering, in August 2019, our board of directors approved the following non-employee director compensation. Following the completion of this offering, each non-employee director will be entitled to receive stock options under our 2019 Plan as follows:

Initial Stock Option Grant. Each non-employee director appointed to our board of directors following this offering will be granted a stock option, on the date of his or her appointment to our board of directors having an aggregate value of $500,000 based on the closing price of our Class A common stock on the date of grant. The option will vest with respect to 1/3rd of the total number of stock options subject to such award on each annual anniversary of the grant, in each case, so long as such non-employee director continues to serve on our board of directors through such date.

Annual Stock Option Grant. Commencing with our fiscal 2021 annual meeting of stockholders, on each annual meeting of stockholders, each non-employee director who is serving on our board of directors on, and will continue to serve on our board of directors immediately following, the date of such annual meeting will automatically be granted a stock option having an aggregate value of $250,000 based on the closing price of our Class A common stock on the date of grant. Each award will vest with respect to 1/4th of the total number of stock options subject to such award on each quarterly anniversary thereafter such that the option will be fully vested and exercisable on the one-year anniversary of the date of grant, or if earlier, the next annual meeting of stockholders, in each case, so long as such non-employee director continues to serve on our board of directors through such date.

Non-employee directors will not receive any cash compensation for service on our board of directors.

EXECUTIVE COMPENSATION

The following tables and accompanying narrative disclosure set forth information about the compensation provided to certain of our executive officers during fiscal 2018 and fiscal 2019. These executive officers, who consist of our principal executive officer and the two most highly compensated executive officers (other than our principal executive officer) who were serving as executive officers as of June 30, 2019, the end of our last completed fiscal year, were:

- John Foley, Chairman of the Board of Directors and Chief Executive Officer;
- William Lynch, President; and
- Jill Woodworth, Chief Financial Officer.

We refer to these individuals in this section as our "Named Executive Officers."

Summary Compensation Table

The following table presents summary information regarding the total compensation that was awarded to, earned by, or paid to our Named Executive Officers for services rendered in all capacities during fiscal 2018 and fiscal 2019.

Name and Principal Position	Fiscal Year	Salary ($)	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)[2]	All Other Compensation ($)	Total ($)
John Foley	2019	500,000	20,109,700	750,000	—	21,359,700
Chairman of the Board of Directors and Chief Executive Officer	2018	500,000	4,348,883	642,770	—	5,491,383
William Lynch	2019	500,000	20,109,700	750,000	49,152[3]	21,408,852
President	2018	500,000	7,782,200	642,770	55,702[3]	8,980,672
Jill Woodworth[4]	2019	500,000	9,730,500	750,000	—	10,980,500
Chief Financial Officer	2018	92,949	3,360,486	—	—	3,453,435

(1) The amounts reported in the Option Awards column represent the grant date fair value of the stock options granted to our Named Executive Officers during fiscal 2018 and fiscal 2019 as computed in accordance with FASB Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 13 of the notes to our consolidated financial statements included elsewhere in this prospectus. Note that the amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by our Named Executive Officers from the stock options.

(2) The amounts reported represent the amounts earned based upon achievement of certain performance goals under our executive bonus program. Payments for fiscal 2018 and fiscal 2019 are described in greater detail in the section titled "—Non-Equity Incentive Plan Compensation."

(3) The amount reported represents reimbursements for expenses incurred while commuting between Mr. Lynch's primary residence in Virginia and our corporate headquarters in New York, including costs related to personal and familial use of commercial and chartered aircrafts. These costs are calculated as the actual amounts reimbursed or paid by us for the flights.

(4) Ms. Woodworth joined us as our Chief Financial Officer in April 2018.

Equity Compensation

From time to time, we have granted equity awards in the form of stock options to our Named Executive Officers, which are generally subject to vesting based on each of our Named Executive Officer's continued service with us. Each of our Named Executive Officers currently holds outstanding stock options to purchase shares of our Class B common stock that were granted under our 2015 Plan, as set forth in the "Outstanding Equity Awards at Fiscal Year-End Table" below.

Non-Equity Incentive Plan Compensation

Messrs. Foley and Lynch participated in our executive bonus program during fiscal 2018 and fiscal 2019. Incentives under our executive bonus program were payable annually based on our achievement of certain company performance metrics, including global net revenue and adjusted EBITDA. For fiscal 2018, the target bonus amounts were $500,000 for Messrs. Foley and Lynch. For fiscal 2019, the target bonus amounts were $750,000 for Ms. Woodworth and Messrs. Foley and Lynch. Amounts earned by Messrs. Foley and Lynch for fiscal 2018 and Ms. Woodworth and Messrs. Foley and Lynch for fiscal 2019 under the executive bonus program are set forth in the Summary Compensation Table above in the Non-Equity Incentive Plan Compensation column.

Offer Letters and Employment Arrangements

Employment Arrangements with our Named Executive Officers

We entered into written offer letters with Mr. Lynch and Ms. Woodworth in January 2017 and December 2017, respectively. We further entered into a written offer letter with Mr. Foley to memorialize the terms of his employment in September 2019. The foregoing offer letters set forth the terms and conditions of employment of each Named Executive Officer, including such executive's initial base salary, target bonus, stock option grants and employee benefit plan participation.

Potential Payments upon Termination or Change in Control

Each of our officers, including our named executive officers, is also a participant in our Severance and Change in Control Plan, or the Severance Plan. Pursuant the Severance Plan and their respective participation agreements, if any of our Named Executive Officers is terminated without "cause" or resigns for "good reason" (as such terms are defined in the Severance Plan), he or she will be entitled to receive a cash amount, equal to his or her (i) annual base salary payable in 12 monthly installments, (ii) target bonus for the fiscal year in which the termination occurs, pro-rated to reflect the partial year of service and (iii) any annual bonus earned for our prior fiscal year to the extent not yet paid, with each of the foregoing bonus amounts in clauses (ii) and (iii) payable in a lump-sum. In addition, the Named Executive Officer will be entitled to continued coverage under our group-healthcare plans for a period ending on the earlier of (x) 12 months following the termination date and (y) the date that the Named Executive Officer and his or her covered dependents become eligible for coverage under another employer's plans. In addition, each outstanding equity award that vests subject to the Named Executive Officer's continued service will automatically become vested and exercisable, as applicable, with respect to that number of shares that would have vested in the 12 month period following such termination had he or she remained employed during that period. After giving effect to the foregoing acceleration, each vested stock option then held by the Named Executive Officer will remain exercisable for 12 months following the executive's termination of service, or if earlier, the original expiration date of such option.

In the event that the Named Executive Officer is terminated without "cause" or resigns for "good reason" within 12 months following a "change in control" of us (as such terms are defined in the Severance Plan), then in lieu of the foregoing, he or she will be entitled to receive a cash amount, payable in a lump sum, equal to (i) 1.5 times his or her annual base salary, (ii) his or her target bonus for the fiscal year in which the termination occurs and (iii) any annual bonus earned for our prior fiscal year to the extent not yet paid. In addition, the Named Executive Officer will be entitled to continued coverage under our group-healthcare plans for a period ending on the earlier of (x) 18 months following the termination date and (y) the date that the Named Executive Officer and his or her covered dependents become eligible for coverage under another employer's plans. In addition, each outstanding equity award that vests subject to the Named Executive Officer's continued service will automatically become vested and exercisable in full, and any vested stock option held by the Named Executive Officer after giving effect to the foregoing acceleration will remain exercisable for 12 months following the executive's termination of service, or if earlier, the original expiration date of such option. The vesting of any outstanding equity award that is not assumed by a successor company following a change in control of us will automatically accelerate in full without regard to the Named Executive Officer's termination of service.

All such severance payments and benefits are subject to each Named Executive Officer's execution of a general release of claims against us, and his or her agreement to certain non-compete, non-solicitation and non-disparagement covenants and compliance with certain other provisions set forth in his or her offer letter or employment agreement and in the Severance Plan. The terms of the Severance Plan supersede all prior agreements with our Named Executive Officers, including their respective individual offer letters and employment agreements, with respect to any severance payments and benefits, equity acceleration or post-termination exercise periods to which any such Named Executive Officers may be entitled upon a termination of service or change in control of us.

Outstanding Equity Awards at Fiscal Year-End Table

The following table presents, for each of our Named Executive Officers, information regarding outstanding equity awards held as of June 30, 2019.

			Option Awards(1)				
Name	Vesting Commencement Date	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price($)	Option Expiration Date
John Foley	3/30/2015(2)	7/13/2015	1,420,000	—	—	0.19	7/12/2025
	1/1/2016(3)	4/20/2016	1,533,336	—	—	1.66	4/19/2026
	—(4)	4/20/2016	—	—	3,066,664	1.66	4/19/2026
	8/25/2017(3)	10/13/2017	1,400,000	—	—	2.89	10/12/2027
	3/15/2018(3)	4/2/2018	1,200,000	—	—	3.28	4/1/2028
	1/17/2019(3)	1/17/2019	3,100,000	—	—	8.82	1/16/2029
William Lynch	2/9/2017(2)	8/8/2017	847,716	—	—	2.89	8/7/2027
	3/15/2018(3)	4/2/2018	800,000	—	—	3.28	4/1/2028
	1/17/2019(3)	1/17/2019	3,100,000	—	—	8.82	1/16/2029
Jill Woodworth	4/23/2018(2)	4/2/2018	2,000,000	—	—	3.28	4/1/2028
	1/17/2019(3)	1/17/2019	1,500,000	—	—	8.82	1/16/2029

(1) All of the outstanding stock option awards were granted under the 2015 Plan and are for shares of Class B common stock.

(2) Vests with respect to 1/4th of the shares of our Class B common stock underlying the stock option on the one-year anniversary of the vesting commencement date and the remaining 3/4th of the shares underlying the option vest in equal monthly installments over three years, in each case subject to continued service.

(3) Vests monthly at the rate of 1/48th of our Class B common stock underlying the stock option following the vesting commencement date, in each case subject to continued service.

(4) Subject to milestone vesting: (a) 50% of the shares of our Class B common stock underlying the stock option will accelerate and vest upon a liquidity event (as defined in the stock option award agreement, which includes an initial public offering) valuing us at $450,000,000 or greater but less than $750,000,000 and (b) 100% of the shares will accelerate and vest upon a liquidity event valuing us at $750,000,000 or greater.

Employee Benefit Plans

We believe that our ability to grant equity-based awards is a valuable compensation tool that enables us to attract, retain, and motivate our employees, consultants, and directors by aligning their financial interests with those of our stockholders. The principal features of our equity incentive 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.

2015 Stock Plan

Our board of directors adopted our 2015 Plan in April 2015, which was subsequently approved by our stockholders. Our board of directors, or a committee thereof appointed by our board of directors, administers the 2015 Plan and the awards granted thereunder. Awards under our 2015 Plan are for shares of our Class B common stock.

The 2015 Plan provides for the grant of both incentive stock options, which qualify for favorable tax treatment to their recipients under Section 422 of the Code, and nonqualified stock options, as well as for the issuance of restricted stock awards, or RSAs. We may grant incentive stock options only to our employees. We may grant nonqualified stock options and RSAs to our employees, directors, and consultants. We refer to such employees, directors, or consultants who receive an award under our 2015 Plan as participants.

The exercise price of each stock option must be at least equal to the fair market value of our common stock on the date of grant. The maximum permitted term of options granted under our 2015 Plan is ten years. Options generally vest subject to continued service, and will cease to vest on the date a participant ceases to provide services to us and all then unvested options will be forfeited. Our board of directors, or a committee thereof, may provide for options to be exercised only as they

vest or to be immediately exercisable with any shares issued on exercise being subject to our right of repurchase that lapses as the shares vest. Stock options granted under the 2015 Plan generally may be exercised, to the extent vested as of the date of termination, for a period of three months after the termination of the optionee's service to us, for a period of six months in the case of disability, for a period of 12 months in the case of death or such longer or shorter period as our compensation committee may provide, but in any event no later than the expiration date of the stock option.

An RSA is an offer by us to sell shares subject to restrictions, which may vest based on time or achievement of performance conditions. The price, if any, of an RSA will be determined by our board of directors, or a committee thereof. Unless otherwise determined at the time of award, vesting will cease on the date the participant ceases to provide services to us and unvested shares will be forfeited to or repurchased by us.

In the event there is a specified type of change in our capital structure without our receipt of consideration, such as a stock split, appropriate adjustments will be made as set forth in the 2015 Plan. In the event of a merger or consolidation, or in the event of a sale of all or substantially all of our assets, outstanding awards under our 2015 Plan shall be subject to the agreement evidencing the transaction (or, in the event the transaction does not include such an agreement, as determined by our board of directors), which need not treat all outstanding awards in an identical manner, and may include one or more of the following: (1) the continuation of the outstanding awards; (2) the assumption of the outstanding awards by the surviving corporation or its parent; (3) the substitution by the surviving corporation or its parent of new options for the outstanding options and new RSAs for the outstanding RSAs; (4) the cancellation of vested stock options or RSAs in exchange for a payment equal to the value of the per share consideration payable to holders of our common stock in the transaction and, in respect of options, less the option's exercise price (this payment may be zero if the option or RSA has no value); (5) the cancellation of the outstanding awards for no consideration; (6) the suspension of the right to exercise options for a limited period if administratively necessary; or (7) the termination of early exercise rights so that outstanding awards may only be exercised for vested shares after the transaction. Our board of directors has discretion to accelerate, in whole or part, the vesting and exercisability of an option or other award in connection with a corporate transaction as described above.

As of June 30, 2019, we had reserved 84,008,954 shares of our Class B common stock for issuance under our 2015 Plan. As of June 30, 2019, options to purchase 64,602,124 shares had been granted and remained outstanding and 9,085,593 shares remained available for future grant. The stock options outstanding as of June 30, 2019 had a weighted-average exercise price of $6.71 per share. We also granted options to purchase 883,550 shares under the 2015 Plan subsequent to June 30, 2019, with a weighted-average exercise price of $23.40 per share. Our 2019 Plan (described below) will be effective upon the date immediately prior to the effective date of the registration statement of which this prospectus forms a part. As a result, we will not grant any additional equity awards under the 2015 Plan following that date, and the 2015 Plan will terminate at that time. However, any outstanding stock options will remain outstanding, subject to the terms of our 2015 Plan and the applicable stock option agreements evidencing such awards, until such outstanding awards are exercised, or until they terminate or expire by their terms. Upon the effectiveness of our 2019 Plan, the shares reserved but not issued or subject to outstanding awards under our 2015 Plan will become available for grant and issuance under our 2019 Plan as Class A common stock.

2019 Equity Incentive Plan

In August 2019, our board of directors adopted our 2019 Plan, which was subsequently approved by our stockholders in September 2019. The 2019 Plan will become effective on the date immediately prior to the effective date of the registration statement of which this prospectus forms a part and will serve as the successor to our 2015 Plan. Our board of directors has delegated its authority to administer the 2019 Plan to our compensation committee.

Our 2019 Plan provides for the award of both incentive stock options, which are intended to qualify for favorable tax treatment under Section 422 of the Code, and nonqualified stock options, as well as for RSAs, stock appreciation rights, or SARs, restricted stock units, or RSUs, performance awards, and stock bonuses. We may grant incentive stock options only to our employees. We may grant all other types of awards to our employees, directors, and consultants. We refer to employees, directors, or consultants who receive an award under our 2019 Plan as participants.

We reserved 40,986,767 shares of our Class A common stock to be issued under our 2019 Plan. The number of shares reserved for issuance under our 2019 Plan will increase automatically on July 1 of each of 2020 through 2029 by the

number of shares of our Class A common stock equal to 5% of the total outstanding shares of all of our classes of common stock as of the immediately preceding June 30. However, our board of directors may reduce the amount of the increase in any particular year. In addition, the following shares will be available for grant and issuance under our 2019 Plan as shares of our Class A common stock (and any shares of our Class B common stock from our 2015 Plan that become available for grant under our 2019 Plan will be issued as Class A common stock):

- shares subject to issuance upon exercise of any stock option or SAR granted under our 2019 Plan but which cease to be subject to the stock option or SAR for any reason other than exercise of stock options or SARs;
- shares subject to awards granted under our 2019 Plan that are forfeited or are repurchased by us at the original issue price;
- shares subject to awards granted under our 2019 Plan that otherwise terminate without such shares being issued;
- shares surrendered, cancelled, or exchanged for cash or a different award (or combination thereof, but to the extent an award under the 2019 Plan is paid out in cash rather than shares, such cash payment will not result in reducing the number of shares available for issuance under the 2019 Plan);
- any reserved shares not issued or subject to outstanding grants under our 2015 Plan on the effective date of our 2019 Plan;
- shares that are subject to stock options or other awards granted under our 2015 Plan that cease to be subject to such options or other awards by forfeiture or otherwise after the effective date of our 2019 Plan;
- shares issued under our 2015 Plan before the effective date of our 2019 Plan pursuant to the exercise of stock options that are forfeited after the effective date of our 2019 Plan;
- shares issued under our 2015 Plan that are repurchased by us at the original issue price; and
- shares subject to stock options or other awards that are used to pay the exercise price of a stock option or withheld to satisfy the tax withholding obligations related to any award.

No more than 150,000,000 shares of our Class A common stock may be issued pursuant to the exercise of incentive stock options under the 2019 Plan.

The exercise price of each stock option must be at least equal to the fair market value of our common stock on the date of grant. The maximum permitted term of options granted under our 2019 Plan is ten years. The compensation committee may provide for options to be exercised only as they vest or to be immediately exercisable with any shares issued on exercise being subject to our right of repurchase that lapses as the shares vest. Stock options granted under the 2019 Plan generally may be exercised, to the extent vested as of the date of termination, for a period of three months after the termination of the optionee's service to us, for a period of 12 months in the case of death or disability, or such longer or shorter period as our compensation committee may provide, but in any event no later than the expiration date of the stock option. Stock options generally terminate immediately upon termination of employment for cause.

An RSA is an offer by us to sell shares of our Class A common stock subject to restrictions, which may vest subject to continued service and/or the achievement of performance conditions. The price, if any, of an RSA will be determined by the compensation committee. Unless otherwise determined by the compensation committee at the time of award, vesting will cease on the date the holder of the RSA no longer provides services to us and unvested shares will be forfeited to or repurchased by us.

SARs provide for a payment, or payments, in cash or shares of our Class A common stock, to the holder based upon the difference between the fair market value of our Class A common stock on the date of exercise and the stated exercise price at grant. SARs may vest subject to continued service and/or the achievement of performance conditions; provided that no SAR will be exercisable after the expiration of 10 years from the date the SAR is granted.

RSUs represent the right to receive shares of our Class A common stock at a specified date in the future, subject to continued service and/or the achievement of performance conditions. If an RSU has not been forfeited, then on the date specified in the RSU agreement, we will deliver to the holder of the RSU whole shares of our Class A common stock, cash, or a combination of our Class A common stock and cash.

Performance awards cover shares of our Class A common stock and may be settled upon achievement of the pre-established performance conditions as provided in the 2019 Plan in cash, by issuance of the underlying shares, other property, or any combination of the foregoing.

Stock bonuses may be granted as additional compensation for service or performance, and may be settled in the form of cash, Class A common stock, or a combination thereof, and may be subject to restrictions, which may vest subject to continued service and/or the achievement of performance conditions.

In the event of a change in the number of outstanding shares of our Class A common stock without consideration by reason of a stock dividend, extraordinary dividend or distribution, recapitalization, stock split, reverse stock split, subdivision, combination, consolidation, reclassification, spin-off, or similar change in our capital structure, appropriate proportional adjustments will be made to the number of shares reserved for issuance under our 2019 Plan; the exercise prices, number, and class of shares subject to outstanding options or SARs; the number and class of shares subject to other outstanding awards; and any applicable maximum award limits with respect to incentive stock options.

In the event of a corporate transaction which constitutes a change of control, any or all outstanding awards may be (1) continued by the company, if the company is the successor entity; (2) assumed or substituted by the successor corporation, or a parent or subsidiary of the successor corporation, for substantially equivalent awards (including, but not limited to a payment in cash or other right to acquire the same consideration paid to stockholders of the company upon a change of control). In the event a successor corporation refuses to assume or substitute outstanding awards, then such awards will become fully vested and, as applicable, exercisable, immediately prior to the consummation of the proposed change of control. For purposes of the foregoing, any awards subject to outstanding performance-based criteria that are not assumed will be deemed earned and vested at 100% of target level unless otherwise indicated in an applicable award agreement. Notwithstanding the foregoing, in the event of a change in control, any outstanding awards granted to our non-employee directors under the 2019 Plan will become vested and exercisable, as applicable, prior to the consummation of the change in control.

A corporate transaction generally includes (1) a “person” becoming the “beneficial owner” of our securities representing more than 50% of our total voting power; (2) the consummation of our sale or disposition of all or substantially all of our assets; (3) the consummation of our merger or consolidation with any other corporation, except where we retain at least 50% of our total voting power; (4) any other transaction which qualifies as a “corporate transaction” under Section 424(a) of the Code wherein our stockholders give up all of their equity interest in us; or (5) a change in our effective control that occurs on the date that a majority of members of our board is replaced during any 12-month period by members whose appointment or election is not endorsed by a majority of the members of our board of directors prior to the date of the appointment or election.

All awards will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by our board of directors or required by law during the term of service of the award holder, to the extent set forth in such policy or applicable agreement.

Our 2019 Plan will terminate 10 years from the date our board of directors approves the plan, unless it is terminated earlier by our board of directors. Our board of directors may amend or terminate our 2019 Plan at any time, subject to stockholder approval as may be required by applicable law or listing rules. No termination or amendment of the 2019 Plan may adversely affect any then-outstanding award without the consent of the affected participant.

2019 Employee Stock Purchase Plan

In August 2019, our board of directors adopted our 2019 ESPP, which was subsequently approved by our stockholders in September 2019. The 2019 ESPP will become effective on the effective date of the registration statement of which this prospectus forms a part. We have adopted the 2019 ESPP in order to enable eligible employees to purchase shares of our Class A common stock at a discount following the date of this offering. Our 2019 ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code. We initially reserved 5,600,000 shares of our Class A common stock for issuance under our 2019 ESPP. The number of shares reserved for issuance under our 2019 ESPP will increase automatically on July 1 of each of 2020 through 2029 by the number of shares equal to 1% of the total outstanding shares of all of our classes of common stock as of the immediately preceding June 30, provided that no more than

50,000,000 shares may be issued over the term of the 2019 ESPP. However, our board of directors may reduce the amount of the increase in any particular year.

Our board of directors has delegated its authority to administer the 2019 ESPP to our compensation committee. Employees eligible to participate in any offering pursuant to the 2019 ESPP generally include any employee that is employed by us or certain of our designated subsidiaries at the beginning of the offering period, provided that the committee may exclude employees who fail to meet certain service-based or other requirements to the extent permitted by law. Under our 2019 ESPP, eligible employees will be able to acquire shares of our Class A common stock by accumulating funds through payroll deductions. Generally, our eligible employees will be able to select a rate of payroll deduction between 1% and 15% of their base cash compensation. Our board of directors has the authority to amend or terminate our 2019 ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. Our 2019 ESPP will terminate on the tenth anniversary of its effective date, unless it is terminated earlier by our board of directors.

The 2019 ESPP will be administered through a series of offering periods, which in no event may be longer than 27 months. Each offering period may itself consistent of one or more purchase periods. Unless otherwise determined by the board of directors or compensation committee, the company currently intends to establish offering periods of 24-months, each consisting of four six-month purchase periods.

The purchase price for shares of our Class A common stock purchased under our 2019 ESPP will be 85% of the lesser of the fair market value of our Class A common stock on (1) the first business day of the applicable offering period and (2) the last business day of each purchase period in the applicable offering period, but in no event less than the par value of a share.

No participant will have the right to purchase shares of our Class A common stock in an amount, when aggregated with purchase rights under all our employee stock purchase plans that are also in effect in the same calendar year, that have a fair market value of more than $25,000, determined as of the first day of the applicable purchase period, for each calendar year in which that right is outstanding. In addition, no participant will be permitted to purchase more than 2,500 shares of our Class A common stock during any one purchase period, or a lesser amount determined by our compensation committee.

If the number of outstanding shares of our Class A common stock is changed by stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification, or similar change in our capital structure without consideration, then our compensation committee will proportionately adjust the number and class of common stock that is available under the 2019 ESPP, the purchase price and number of shares any participant has elected to purchase as well as the maximum number of shares which may be purchased by participants.

If we experience a change of control transaction, any offering period that commenced prior to the closing of the proposed change of control transaction will be shortened and terminated on a new purchase date. The new purchase date will occur on or prior to the closing of the proposed change of control transaction, and our 2019 ESPP will then terminate on the closing of the proposed change of control.

401(k) Plan

We maintain a broad-based 401(k) plan that provides eligible U.S. employees with an opportunity to defer eligible compensation up to certain annual limits. As a tax-qualified retirement plan, contributions to the 401(k) plan are deductible by us when made, and contributions and earnings on those amounts are generally not taxable to the employees until withdrawn or distributed from the 401(k) plan.

Limitation of Liability and Indemnification of Directors and Officers

Our restated certificate of incorporation that will become effective in connection with the completion of this offering contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by the DGCL.

Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; or
- any transaction from which the director derived an improper personal benefit.

Our restated certificate of incorporation and our restated bylaws that will become effective in connection with the completion of this offering require us to indemnify our directors and officers to the maximum extent not prohibited by the DGCL and allow us to indemnify other employees and agents as set forth in the DGCL. Subject to certain limitations, our restated bylaws also require us to advance expenses incurred by our directors and officers for the defense of any action for which indemnification is required or permitted.

We have entered, and intend to continue to enter, into separate indemnification agreements with our directors, officers, and certain of our other employees, in addition to the indemnification provided for in our restated certificate of incorporation and restated bylaws. These agreements, among other things, require us to indemnify our directors, officers, and key employees for certain expenses, including attorneys' fees, judgments, penalties, fines, and settlement amounts actually incurred by these individuals in any action or proceeding arising out of their service to us or any of our subsidiaries or any other company or enterprise to which these individuals provide services at our request. Subject to certain limitations, our indemnification agreements also require us to advance expenses incurred by our directors, officers, and key employees for the defense of any action for which indemnification is required or permitted.

We believe that provisions of our restated certificate of incorporation, restated bylaws, and indemnification agreements are necessary to attract and retain qualified directors, officers, and key employees. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our restated certificate of incorporation and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.
At present, there is no pending litigation or proceeding involving any of our directors or executive officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

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

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements discussed in the sections titled “Management” and “Executive Compensation,” the following is a description of each transaction since July 1, 2016 and each currently proposed transaction in which:

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

Private Placement

Entities affiliated with TCV, a beneficial owner of more than 5% of a class of our voting securities and an affiliate of Jay C. Hoag, a non-employee director, will purchase from us in a private placement, subject to certain regulatory conditions, a number of shares of our Class A common stock with an aggregate purchase price of approximately $50.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus this would be 1,818,181 shares of Class A common stock. Sales of these shares to entities affiliated with TCV will not be registered in this offering. In addition, TCV has agreed to a 180-day lock-up agreement pursuant to which the Class A common stock purchased in the private placement will be locked up for a period of 180 days, subject to early termination as described in the section titled “Underwriting”. We refer to the private placement of these shares of Class A common stock as the private placement.

Participation in this Offering

Karen Boone and Howard Draft, two of our directors, have expressed an interest in purchasing $500,000 and $2.0 million in shares of our Class A common stock in this offering, respectively (equal to 18,181 shares and 72,727 shares, respectively, based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus). At our request, the underwriters have reserved such shares for sale to Ms. Boone and Mr. Draft. All such shares would be purchased at the initial public offering price and on the same terms as the other purchasers in this offering. However, because there is no binding agreement obligating Ms. Boone and Mr. Draft to purchase these shares, they may determine to purchase fewer shares than they have expressed an interest in purchasing or not to purchase any shares in this offering.

Stock Repurchase Agreement

In March 2017, we entered into a Stock Repurchase Agreement with Tiger Global Private Investment Partners VII, L.P., or Tiger, CP Interactive Fitness LP, or Catterton, and an affiliate of Tiger. Pursuant to this agreement, we repurchased (1) 9,086,392 shares of our capital stock from Tiger for an aggregate total repurchase price of approximately $49.2 million, and (2) 13,420,940 shares of our capital stock from Catterton for an aggregate total repurchase price of approximately $72.7 million. Lee Fixel, our former director, has an indirect ownership interest in Tiger and Tiger Global PIP VII Holdings, L.P.

2017 Tender Offer

In April 2017, we commenced a tender offer to purchase up to 9,661,156 shares of outstanding common stock, options to purchase common stock, and redeemable convertible preferred stock at a purchase price of $5.42 per share, pursuant to an Offer to Purchase. In June 2017, upon the closing of the tender offer, we repurchased an aggregate of 9,661,156 shares of our capital stock, for an aggregate repurchase price of approximately $52.3 million. Among other sellers, the following directors and executive officers participated in the tender offer:

- John Foley, Chairman of our board of directors and Chief Executive Officer, sold 1,340,000 shares of common stock, including shares issued upon exercise of vested stock options, for an aggregate price of approximately $7.3 million;
- Thomas Cortese, Chief Operating Officer and Head of Product Development, sold 460,000 shares of common stock for an aggregate price of approximately $2.5 million; and
- Hisao Kushi, Chief Legal Officer and Secretary, sold 300,000 shares of common stock for an aggregate price of approximately $1.6 million.

Series E Redeemable Convertible Preferred Stock Financing

Between March 2017 and May 2017, we sold an aggregate of 60,013,480 shares of our Series E redeemable convertible preferred stock at a purchase price of approximately $5.42 per share for an aggregate purchase price of approximately $325.0 million. Each share of our Series E redeemable convertible preferred stock will convert automatically into one share of our Class B common stock upon the completion of this offering.

The purchasers of our Series E redeemable convertible preferred stock are entitled to specified registration rights. For additional information, see the section titled "Description of Capital Stock—Registration Rights." The terms of these purchases were the same for all purchasers of our Series E redeemable convertible preferred stock. See the section titled "Principal Stockholders" for more details regarding the shares held by certain of these entities.

The following table summarizes the Series E redeemable convertible preferred stock purchased by an affiliate of a member of our board of directors and holder of more than 5% of our outstanding capital stock:

Name of Related Party	Shares of Series E Redeemable Convertible Preferred Stock	Total Purchase Price ($)
Entities affiliated with True Ventures(1)	3,693,136	19,999,993
Entities affiliated with Fidelity(2)	13,849,260	74,999,975

(1) Consists of (a) 923,284 shares of our Class B common stock held of record held by True Ventures Select I, L.P. and (b) 2,769,852 shares of our Class B common stock held of record held by True Ventures Select II, L.P. James Stewart is the general partner for True Ventures Select I, L.P. and True Ventures Select II, L.P. True Ventures Select I, L.P. and its affiliate beneficially own more than 5% of our capital stock. Jon Callaghan, a member of our board of directors, is a Managing Member of True Ventures.

(2) Consists of (a) 1,758,856 shares of our Class B common stock held of record by Fidelity Concord Street Trust: Fidelity Mid-Cap Stock Fund, (b) 101,560 shares of our Class B common stock held of record by FIAM Target Date Blue Chip Growth Commingled Pool, (c) 1,846,568 shares of our Class B common stock held of record by Fidelity Puritan Trust: Fidelity Puritan Fund, (d) 923,284 shares of our Class B common stock held of record by Fidelity Mt. Vernon Street Trust: Fidelity New Millennium Fund, (e) 1,341,716 shares of our Class B common stock held of record by Fidelity Securities Fund: Fidelity Blue Chip Growth Fund, (f) 26,036 shares of our Class B common stock held of record by Fidelity Blue Chip Growth Commingled Pool, (g) 2,769,852 shares of our Class B common stock held of record by Fidelity Contrafund: Fidelity Advisor New Insights Fund, (h) 1,290,384 shares of our Class B common stock held of record by Fidelity Growth Company Commingled Pool, (i) 87,712 shares of our Class B common stock held of record by Fidelity Mid-Cap Stock Commingled Pool, (j) 2,549,928 shares of our Class B common stock held of record by Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund, (k) 377,252 shares of our Class B common stock held of record by Fidelity Securities Fund: Fidelity Series Blue Chip Growth Fund, and (l) 776,112 shares of our Class B common stock held of record by Fidelity Mt. Vernon Street Trust: Fidelity Series Growth Company Fund.

Series F Redeemable Convertible Preferred Stock Financing

In August 2018, we sold an aggregate of 38,088,200 shares of our Series F redeemable convertible preferred stock at a purchase price of approximately $14.44 per share for an aggregate purchase price of approximately $550.0 million. Each share of our Series F redeemable convertible preferred stock will convert automatically into one share of our Class B common stock upon the completion of this offering.

The purchasers of our Series F redeemable convertible preferred stock are entitled to specified registration rights. For additional information, see the section titled "Description of Capital Stock—Registration Rights." The terms of these purchases were the same for all purchasers of our Series F redeemable convertible preferred stock. See the section titled "Principal Stockholders" for more details regarding the shares held by certain of these entities.

The following table summarizes the Series F redeemable convertible preferred stock purchased by us, affiliates of members of our board of directors, and holders of more than 5% of our outstanding capital stock:

Name of Related Party	Shares of Series F Redeemable Convertible Preferred Stock	Total Purchase Price ($)
Entities affiliated with TCV(1)	10,387,688	150,000,085
True Ventures Select III, L.P.	1,385,025	20,000,010
Affiliates of Tiger(2)	4,439,755	64,110,861
Entities affiliated with Fidelity(3)	2,077,536	29,999,994
LFX Trust, L.L.C.(4)	227,776	3,289,126

(1) Consists of (a) 7,350,467 shares of our Class B common stock held of record held by TCV IX, L.P., (b) 2,074,031 shares of our Class B common stock held of record held by TCV IX (A), L.P., (c) 392,570 shares of our Class B common stock held of record held by TCV IX (B), L.P., and (d) 570,620 shares of our Class B common stock held of record by TCV Member Fund, L.P. Erik Blachford, a Venture Partner at TCV, and Jay Hoag a General Partner of TCV, are both members of our board of directors.

(2) Consists of shares of Class B common stock held by Tiger Global Private Investment Partners VII, L.P. and an affiliate of Tiger Global Management, LLC. Tiger Global Management, LLC is controlled by Chase Coleman and Scott Shleifer. The business address for each of these entities and individuals is c/o Tiger Global Management, LLC, 9 West 57th Street, 35th Floor, New York, New York 10019.

(3) Consists of (a) 748,920 shares of our Class B common stock held of record by Fidelity Concord Street Trust: Fidelity Mid-Cap Stock Fund, (b) 298,932 shares of our Class B common stock held of record by Fidelity Mt. Vernon Street Trust: Fidelity New Millennium Fund, (c) 990,692 shares of our Class B common stock held of record by Fidelity Contrafund: Fidelity Advisor New Insights Fund, and (d) 38,992 shares of our Class B common stock held of record by Fidelity Mid-Cap Stock Commingled Pool.

(4) Consists of shares of Class B common stock held by LFX Trust, L.L.C., or LFX. Lee Fixel, a former member of our board of directors, is the manager of LFX.

Employment Arrangement with an Immediate Family Member of Our Chairman of the Board of Directors and Chief Executive Officer

Jill Foley, the spouse of John Foley, Chairman of our board of directors and Chief Executive Officer, is our Vice President of Boutique. During fiscal 2017, 2018, and 2019, Ms. Foley received an annual base salary of $127,500, $141,042, and $191,250, respectively, in addition to equity and annual bonus payments. For each fiscal period, Ms. Foley's compensation was based on reference to external market practice of similar positions or internal pay equity when compared to the compensation paid to employees in similar positions who were not related to the Chairman of our board of directors and Chief Executive Officer. Ms. Foley was also eligible for equity awards on the same general terms and conditions as applicable to employees in similar positions who were not related to the Chairman of our board of directors and Chief Executive Officer.

Employment Arrangement with an Immediate Family Member of Our Chief Legal Officer and Secretary

Kate Kushi, the daughter of Hisao Kushi, our Chief Legal Officer and Secretary, has served as our Brand Marketing Campaign Coordinator since August 2018. For fiscal 2019, Ms. Kushi's annual base salary was $56,934, in addition to equity compensation. Ms. Kushi's compensation was based on reference to external market practice of similar positions or internal pay equity when compared to the compensation paid to employees in similar positions who were not related to our Chief Legal Officer and Secretary. Ms. Kushi was also eligible for equity awards on the same general terms and conditions as applicable to employees in similar positions who were not related to our Chief Legal Officer and Secretary.

2018 Tender Offer

In September 2018, we commenced a tender offer to purchase up to an aggregate of 13,850,242 shares of outstanding common stock, options to purchase common stock, and redeemable convertible preferred stock at a purchase price of approximately $14.44 per share, pursuant to an Offer to Purchase. In October 2018, upon the closing of the tender offer, we repurchased an aggregate of 9,264,518 shares of our capital stock, for an aggregate total repurchase price of approximately $133.8 million. Among other sellers, the following directors and executive officers, participated in the tender offer:

- John Foley, Chairman of the board of directors and Chief Executive Officer, sold 1,769,164 shares of common stock for an aggregate price of approximately $24.5 million;
- William Lynch, President, sold 227,600 shares of common stock, including shares issued upon exercise of vested stock options, for an aggregate price of approximately $3.3 million;
- Thomas Cortese, Chief Operating Officer and Head of Product Development, sold 700,000 shares of common stock for an aggregate price of approximately $10.1 million; and
- Hisao Kushi, Chief Legal Officer and Secretary, sold 320,000 shares of common stock for an aggregate price of approximately $4.6 million.

Fourth Amended and Restated Investors' Rights Agreement

In April 2019, we entered into our fourth amended and restated investors' rights agreement with certain holders of our redeemable convertible preferred stock, including entities with which certain of our executive officers and directors are affiliated. These stockholders are entitled to rights with respect to the registration of their shares following this offering. For a description of these registration rights, see the section titled "Description of Capital Stock—Registration Rights."

Loan to Executive Officer

In June 2019, we remitted $4.4 million to the U.S. Internal Revenue Service on behalf of William Lynch, our President, in connection with his exercise of non-qualified stock options to purchase 900,000 shares of Class B common stock. Mr. Lynch repaid the full amount of the tax remittance to us in July 2019.

Indemnification Agreements

We have entered into, and plan on entering into, indemnification agreements with each of our directors and executive officers. The indemnification agreements, our restated certificate of incorporation, and our restated bylaws, which will become effective upon the completion of this offering, will require us to indemnify our directors to the fullest extent not prohibited by Delaware law. Subject to certain limitations, our restated bylaws also require us to advance expenses incurred by our directors and officers. For more information regarding these agreements, see the section titled "Executive Compensation—Limitation of Liability and Indemnification of Directors and Officers."

Review, Approval, or Ratification of Transactions with Related Parties

Our written related party transactions policy and the charters of our audit committee and nominating, governance, and corporate responsibility committee, to be adopted by our board of directors and in effect upon the completion of this offering, require that any transaction with a related person that must be reported under applicable rules of the SEC must be reviewed and approved or ratified by our audit committee, unless the related party is, or is associated with, a member of that committee, in which event the transaction must be reviewed and approved by our nominating, governance, and corporate responsibility committee.

Prior to this offering we had no formal, written policy or procedure for the review and approval of related party transactions. However, our practice has been to have all related party transactions reviewed and approved by a majority of the disinterested members of our board of directors, including the transactions described above.

PRINCIPAL STOCKHOLDERS

The following table presents certain information with respect to the beneficial ownership of our common stock as of August 31, 2019, and as adjusted to reflect the sale of Class A common stock offered in this offering and the private placement, and assuming no exercise of the underwriters' option to purchase additional shares of our Class A common stock, by:

- each of our directors;
- each of our Named Executive Officers;
- all of our directors and executive officers as a group; and
- each stockholder known by us to be the beneficial owner of more than 5% of our outstanding shares of Class A or Class B common stock.

We have determined beneficial ownership in accordance with the rules of the SEC. Unless otherwise indicated below, to our knowledge, based on information furnished to us, the persons and entities named in the table have sole voting and investment power with respect to all shares that they beneficially own, subject to applicable community property laws. Shares of our Class B common stock subject to stock options that are currently exercisable or exercisable within 60 days of August 31, 2019 are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

We have based our calculation of the percentage ownership of our common stock before this offering on zero shares of our Class A common stock and 236,129,142 shares of our Class B common stock outstanding on August 31, 2019, which includes 210,640,629 shares of our Class B common stock resulting from the conversion of an equivalent number of outstanding shares of our redeemable convertible preferred stock in connection with this offering, as if this conversion had occurred as of August 31, 2019. Percentage ownership of our common stock after this offering and the private placement also assumes the sale of 41,818,181 shares of our Class A common stock in this offering and the private placement but

does not assume the purchase of Class A shares in this offering by Karen Boone and Howard Draft, two of our directors, who have expressed an interest in purchasing shares of our Class A common stock in this offering. Unless otherwise indicated, the address of each beneficial owner in the table below is c/o Peloton Interactive, Inc., 125 West 25th Street, 11th Floor, New York, New York 10001.

	Shares Beneficially Owned Before this Offering and Private Placement		% Total Voting Power Before this Offering[1]	Shares Beneficially Owned After this Offering and Private Placement				% Total Voting Power After this Offering and Private Placement[1]
	Class B			Class A		Class B		
Name of Beneficial Owner	Shares	%		Shares	%	Shares	%	
Named Executive Officers and Directors:								
John Foley[2]	15,169,568	6.2	6.2	—	—	15,169,568	6.2	6.1
William Lynch[3]	7,502,716	3.1	3.1	—	—	7,502,716	3.1	3.1
Jill Woodworth[4]	3,500,000	1.5	1.5	—	—	3,500,000	1.5	1.5
Erik Blachford[5]	1,791,044	*	*	—	—	1,791,044	*	*
Karen Boone[6]	600,000	*	*	—	—	600,000	*	*
Jon Callaghan[7]	28,369,274	12.0	12.0	—	—	28,369,274	12.0	11.9
Howard Draft[8]	1,130,724	*	*	—	—	1,130,724	*	*
Jay Hoag[9]	—	—	—	—	—	—	—	—
Pamela Thomas-Graham[10]	600,000	*	*	—	—	600,000	*	*
All executive officers and directors as a group (11 persons)[11]	68,200,862	25.8	25.8	—	—	68,200,862	25.8	25.6
Other 5% Stockholders:				—	—			
CP Interactive Fitness, LP[12]	12,803,381	5.4	5.4	—	—	12,803,381	5.4	5.4
Entities affiliated with TCV[13]	15,741,169	6.7	6.7	1,818,181	4.4	15,741,169	6.7	6.7
Entities affiliated with Tiger[14]	46,721,427	19.8	19.8	—	—	46,721,427	19.8	19.6
Entities affiliated with True Ventures[7]	28,369,274	12.0	12.0	—	—	28,369,274	12.0	11.9
Entities affiliated with Fidelity[15]	15,926,796	6.8	6.8	—	—	15,926,796	6.8	6.7

* Represents beneficial ownership of less than 1% of our outstanding shares of common stock.

(1) Percentage of total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. The holders of our Class B common stock are entitled to 20 votes per share, and holders of our Class A common stock are entitled to one vote per share. See the section titled "Description of Capital Stock—Class A Common Stock and Class B Common Stock" for more information about the voting rights of our Class A common stock and Class B common stock.

(2) Represents (i) 6,366,232 shares of our Class B common stock; (ii) 8,653,336 shares underlying options to purchase Class B common stock that are exercisable within 60 days of August 31, 2019, of which 3,981,251 shares are unvested and subject to repurchase by us; and (iii) 150,000 shares underlying options to purchase Class B common stock held by Jill Foley that are exercisable within 60 days of August 31, 2019, of which 92,292 shares are unvested and subject to repurchase by us. Does not include up to 3,066,664 shares underlying options to purchase Class B common stock that are subject to milestone vesting and will accelerate and vest upon the occurrence of specified liquidity events, including an initial public offering exceeding a certain valuation, as defined in the corresponding stock option award agreement.

(3) Represents (i) 1,175,000 shares of our Class B common stock; (ii) 4,747,716 shares underlying options to purchase Class B common stock that are exercisable within 60 days of August 31, 2019, of which 4,397,858 shares are unvested and subject to repurchase by us; (iii) 1,430,000 shares of our Class B common stock held by William Lynch and Nicole P. Lynch as Community Property with Right of Survivorship; (iv) 46,000 shares of our Class B common stock held by The Jack Lynch 2018 Irrevocable Trust; (v) 46,000 shares of our Class B common stock held by The Lily Lynch 2018 Irrevocable Trust; (vi) 46,000 shares of our Class B common stock held by The Charlotte Lynch 2018 Irrevocable Trust; and (vii) 12,000 shares of our Class B common stock held by The Texas Lynch 2018 Irrevocable Trust.

(4) Represents 3,500,000 shares underlying options to purchase Class B common stock that are exercisable within 60 days of August 31, 2019, of which 2,468,750 shares are unvested and subject to repurchase by us.

(5) Represents (i) 451,044 shares of Class B common stock held of record by the Erik Blachford and Maryam Mohit Family Trust, Erik Blachford, Trustee, and (ii) 1,340,000 shares underlying options to purchase Class B common stock that are exercisable within 60 days of August 31, 2019, of which 500,417 shares are unvested and subject to repurchase by us.

(6) Represents 600,000 shares underlying options to purchase Class B common stock that are exercisable within 60 days of August 31, 2019, of which 487,500 shares are unvested and subject to repurchase by us.

(7) Represents (i) 18,241,748 shares of Class B common stock held of record by True Ventures IV, LP; (ii) 3,927,052 shares of Class B common stock held of record by True Ventures Select I, LP; (iii) 2,769,852 shares of Class B common stock held of record by True Ventures Select II, LP; and (iv) 3,430,622 shares of Class B common stock held of record by True Ventures Select III, LP. True Venture Partners IV, LLC is the general partner of True Ventures IV, LP. True Venture Partners Select I, LLC is the general partner of True Ventures Select I, LP. True Venture Partners Select II, LLC is the general partner of True Ventures Select II, L.P. True Venture Partners Select III, LLC is the general partner of True Ventures Select III, L.P. Jon Callaghan and Philip Black are the managing members of True Ventures IV, LLC, True Venture Partners Select I, LLC, True Venture Partners Select II, LLC, and True Venture Partners Select III, LLC. The business address for each of these entities is 575 High Street, Palo Alto, California 94301.

(8) Represents (i) 439,570 shares of Class B common stock; (ii) 550,418 shares underlying options to purchase Class B common stock that are exercisable within 60 days of August 31, 2019, of which 517,917 shares are unvested and subject to repurchase by us; and (iii) 140,736 shares of Class B common stock held by Caroline Draft.

(9) Mr. Hoag is a director of Technology Crossover Management IX, Ltd. and Technology Crossover Management X, Ltd. and a limited partner of Technology Crossover Management IX, L.P. and Technology Crossover Management X, L.P. which are entities affiliated with the TCV Funds described in note (14) below, but does not hold voting or dispositive power over the shares held of record by the TCV Funds. See note (14) below for more information regarding the TCV Funds.

(10) Represents 600,000 shares underlying options to purchase Class B common stock that are exercisable within 60 days of August 31, 2019, of which 445,834 shares are unvested and subject to repurchase by us.

(11) Represents (i) 40,021,856 shares of Class B common stock and (ii) 28,179,006 shares of Class B common stock subject to options that are exercisable within 60 days of August 31, 2019, of which 16,462,653 shares are unvested and subject to repurchase by us.

(12) Represents 12,803,381 shares of Class B common stock held of record by CP Interactive Fitness, LP. CP7 Management L.L.C. is the general partner of CP Interactive Fitness, LP. The sale and managing members of CP7 Management, LLC are J. Michael Chu and Scott A. Dahnke. The address for CP7 Management L.L.C. is 599 West Putnam Avenue, Greenwich, Connecticut 06830.

(13) Represents (i) 2,584,758 shares of Class B common stock held of record by TCV IX (A), L.P.; (ii) 489,240 shares of Class B stock held of record by TCV IX (B), L.P.; (iii) 9,160,510 shares of Class B common stock held of record by TCV IX, L.P.; (iv) 710,175 shares of Class B common stock held of record by TCV Member Fund, L.P.; (v) 2,067,355 shares of Class B common stock held of record by TCV X, L.P.; (vi) 512,669 shares of Class B common stock held of record by TCV X (A), L.P.; (vii) 100,792 shares of Class B common stock held of record by TCV X (B), L.P.; and (viii) 115,670 shares of Class B common stock held of record by TCV X Member Fund, L.P., collectively the TCV Funds. Technology Crossover Management IX, Ltd., or Management IX, is a general partner of each of Technology Crossover Management IX, L.P. or TCM IX and TCV Member Fund, L.P. TCM IX is the general partner of each of TCV IX, L.P., TCV IX (A), L.P., and TCV IX (B). L.P. Technology Crossover Management X, Ltd., or Management X, is a general partner of each of Technology Crossover Management X, L.P. or TCM X and TCV X Member Fund, L.P. TCM X is the general partner of TCV X, L.P., TCV X (A), L.P. and TCV X (B), L.P. Management IX may be deemed to have the sole voting and dispositive power over the shares held by TCV IX, L.P., TCV IX (A), L.P., TCV IX (B). L.P., and TCV Member Fund, L.P. Management X may be deemed to have the sole voting and dispositive power over the shares held by TCV X, L.P., TCV X (A), L.P., TCV X (B). L.P., and TCV X Member Fund, L.P. Shares of Class A common stock beneficially owned after this offering and the private placement include 1,818,181 shares of Class A common stock to be purchased by entities affiliated with TCV in the private placement, based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus. The address of each of the foregoing entities and persons is 250 Middlefield Road, Menlo Park, California 94025.

(14) Consists of shares of Class B common stock held by Tiger Global Private Investment Partners VII, L.P., Tiger Global PIP VII Holdings, L.P. and an affiliate of Tiger Global Management, LLC. Tiger Global Management, LLC is controlled by Chase Coleman and Scott Shleifer. The business address for each of these entities and individuals is c/o Tiger Global Management, LLC, 9 West 57th Street, 35th Floor, New York, New York 10019.

(15) Represents (i) 1,341,716 shares of Class B common stock held by Fidelity Securities Fund: Fidelity Blue Chip Growth Fund, (ii) 26,036 shares of Class B common stock held by Fidelity Blue Chip Growth Commingled Pool, (iii) 3,760,544 shares of Class B common stock held by Fidelity Contrafund: Fidelity Advisor New Insights Fund, (iv) 377,252 shares of Class B common stock held by Fidelity Securities Fund: Fidelity Blue Chip Growth Fund, (v) 776,112 shares of Class B common stock held by Fidelity Mt. Vernon Street Trust: Fidelity Series Growth Company Fund , (vi) 2,549,928 shares of Class B common stock held by Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund, (vii) 1,290,384 shares of Class B common stock held by Fidelity Growth Company Commingled Pool, (viii) 2,507,776 shares of Class B common stock held by Fidelity Concord Street Trust: Fidelity Mid-Cap Stock Fund, (ix) 126,704 shares of Class B common stock held by Fidelity Mid-Cap Stock Commingled Pool, (x) 1,222,216 shares of Class B common stock held by Fidelity Mt. Vernon Street Trust: Fidelity New Millennium Fund, (xi) 1,846,568 shares of Class B common stock held by Fidelity Puritan Trust: Fidelity Puritan Fund, and (xii) 101,560 shares of Class B common stock held by FIAM Target Date Blue Chip Growth Commingled Pool, or 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, or the Fidelity Funds, advised by Fidelity Management & Research Company, or FMR Co, a wholly owned subsidiary of FMR LLC, which power resides with 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 business address for each of these entities is 200 Seaport Blvd. V12E, Boston, Massachusetts 02210.

DESCRIPTION OF CAPITAL STOCK

The following description summarizes the most important terms of our capital stock, as they will be in effect following this offering. Because it is only a summary, it does not contain all the information that may be important to you. We expect to adopt a restated certificate of incorporation and restated bylaws that will become effective upon the completion of this offering, and this description summarizes provisions that are expected to be included in these documents. For a complete description, you should refer to our restated certificate of incorporation and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

Upon the completion of this offering, our authorized capital stock will consist of 2,500,000,000 shares of our Class A common stock, $0.000025 par value per share, 2,500,000,000 shares of our Class B common stock, $0.000025 par value per share, and 50,000,000 shares of undesignated preferred stock, $0.000025 par value per share.

Assuming the conversion and reclassification of all outstanding shares of our redeemable convertible preferred stock into 210,640,629 shares of our Class B common stock, which will occur in connection with the completion of this offering, as of June 30, 2019, there were outstanding:

- zero shares of our Class A common stock;
- 235,942,233 shares of our Class B common stock outstanding, held by approximately 428 stockholders of record;
- 64,602,124 shares of our Class B common stock issuable upon exercise of outstanding stock options, with a weighted-average exercise price of $6.71 per share; and
- 240,000 shares of our Class B common stock issuable upon exercise of a warrant, with an exercise price of $0.19 per share.

Class A Common Stock and Class B Common Stock

Dividend Rights

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

Voting Rights

Holders of our Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders and holders of our Class B common stock are entitled to 20 votes for each share of Class B common stock held on all matters submitted to a vote of stockholders. Following this offering and the private placement, the holders of our outstanding Class B common stock will hold 99.1% of the voting power of our outstanding capital stock, with our directors, executive officers, and 5% stockholders and their respective affiliates holding 59.9% of the voting power in the aggregate. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by Delaware law or our restated certificate of incorporation. Delaware law could require either holders of our Class A common stock or Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our restated certificate of incorporation to increase or decrease the par value of a class of our capital stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend our restated certificate of incorporation in a manner that alters or changes the powers, preferences, or special rights of a class of our capital stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

Our restated certificate of incorporation does not provide for cumulative voting for the election of directors. As a result, the holders of a majority of our voting shares can elect all of the directors then standing for election. Our restated certificate of incorporation establishes a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights
Our common stock is not entitled to preemptive rights and is not subject to redemption or sinking fund provisions.

Right to Receive Liquidation Distributions
Upon our liquidation, dissolution, or winding up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to the prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any shares of preferred stock outstanding at that time.

Change of Control Transactions
In the case of any distribution or payment in respect of the shares of our Class A common stock or Class B common stock upon a merger or consolidation with or into any other entity, or other substantially similar transaction, the holders of our Class A common stock and Class B common stock will be treated equally and identically with respect to shares of Class A common stock or Class B common stock owned by them, unless the only difference in the per share distribution to the holders of the Class A common stock and Class B common stock is that any securities distributed to the holder of a share Class B common stock have 20 times the voting power of any securities distributed to the holder of a share of Class A common stock, or such merger, consolidation, or other transaction is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock and Class B common stock, each voting as a separate class.

Subdivisions and Combinations
If we subdivide or combine in any manner outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other class will be subdivided or combined in the same manner, unless different treatment of the shares of each class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock and Class B common stock, each voting as a separate class.

Conversion
Each outstanding share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, which occurs after the closing of this offering, except for certain permitted transfers described in our restated certificate of incorporation, including transfers to family members, trusts solely for the benefit of the stockholder or their family members, and partnerships, corporations, and other entities exclusively owned by the stockholder or their family members. Once converted or transferred and converted into Class A common stock, the Class B common stock may not be reissued.

All the outstanding shares of our Class B common stock will convert automatically into shares of our Class A common stock upon the date that is the earlier of (i) the date specified by a vote of the holders of 66 2/3% of the then outstanding shares of Class B common stock, (ii) ten years from the closing of this offering, and (iii) the date the shares of Class B common stock cease to represent at least 1% of all outstanding shares of our common stock. Following such conversion, each share of Class A common stock will have one vote per share and the rights of the holders of all outstanding common stock will be identical. Once converted into Class A common stock, the Class B common stock may not be reissued.

Preferred Stock
Pursuant to the provisions of our restated certificate of incorporation, each currently outstanding share of redeemable convertible preferred stock will automatically be converted into one share of Class B common stock effective upon the completion of this offering. Following this offering, no shares of redeemable convertible preferred stock will be outstanding.

Following the completion of this offering, our board of directors will be authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control of our company and might adversely affect the market price of our Class A common stock

and the voting and other rights of the holders of our Class A common stock and Class B common stock. We have no current plans to issue any shares of preferred stock.

Stock Options

As of June 30, 2019, we had outstanding options to purchase an aggregate of 64,602,124 shares of our Class B common stock, with a weighted-average exercise price of $6.71 per share, pursuant to our 2015 Plan. Since June 30, 2019, we have granted options to purchase an aggregate of 883,550 shares of our Class B common stock, with a weighted-average exercise price of $23.40 per share, pursuant to our 2015 Stock Plan.

Warrant

As of June 30, 2019, we had outstanding a warrant to purchase 240,000 shares of our Class B common stock at an exercise price of $0.19, which expires in June 2025. The warrant has a cashless exercise provision pursuant to which the holder, in lieu of paying the exercise price in cash, can surrender the warrant and receive a net number of shares based on the fair market value of such shares at the time of exercise, after deducting the aggregate exercise price.

Registration Rights

We will pay the registration expenses (other than underwriting discount and stock transfer taxes) of the holders of the shares registered for sale pursuant to the registrations described below. In an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. In connection with the completion of this offering, substantially all of our stockholders that have registration rights agreed not to sell or otherwise dispose of any securities without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC for a period of 180 days after the date of this prospectus, subject to certain terms and conditions and provided that if (1) at least 120 days have elapsed since the date of this prospectus, (2) we have publicly released our earnings results for the quarterly period during which this offering occurred and (3) such lock-up period is scheduled to end during or within five trading days prior to a blackout period, such lock-up period will end ten trading days prior to the commencement of such blackout period. See the section titled “Underwriting” for additional information.

Following the completion of this offering, the holders of certain outstanding shares of our Class B common stock and the holders of shares of our Class B common stock issuable upon conversion of our redeemable convertible preferred stock, or their permitted transferees, will be entitled to rights with respect to the registration of these shares under the Securities Act. These shares are referred to as registrable securities. Immediately following this offering and the private placement there will be approximately 224,163,522 registrable securities outstanding which includes 1,818,181 shares of our Class A common stock sold in the private placement. These rights are provided under the terms of our fourth amended and restated investors' rights agreement between us and the holders of these shares, which was entered into in April 2019, and include requested registration rights, Form S-3 registration rights, and piggyback registration rights. In any registration made pursuant to such amended and restated investor rights agreement, all fees, costs, and expenses of underwritten registrations, including fees and disbursements of one special counsel to the selling stockholders, will be borne by us and all selling expenses, including the estimated underwriting discount, will be borne by the holders of the shares being registered. However, we will not be required to bear the expenses in connection with the exercise of the requested and Form S-3 registration rights of a registration if the request is subsequently withdrawn at the request of the selling stockholders holding a majority of registrable securities to be registered.

The registration rights terminate upon the earlier of (1) five years following the completion of this offering or (2) as to any given holder of registration rights, at such time following this offering when such holder of registration rights (a) can sell all of such holder’s registrable securities in compliance with Rule 144(b)(1)(i) or (b) holds 1% or less of our outstanding common stock and all registrable securities held by such holder can be sold in any three-month period without registration pursuant to Rule 144 under the Securities Act and without the requirement for us to be in compliance with the current public information requirement under Rule 144(c)(1).

Requested Registration Rights

The holders of an aggregate of 210,640,629 shares of our Class B common stock following this offering as well as the holders of the shares of our Class A common stock sold in the private placement, or their permitted transferees, are entitled to demand registration rights. Under the terms of the amended and restated investor rights agreement, if we receive a

written request, at any time after the earlier of (1) August 30, 2025 or (2) six months following the effective date of this offering, from the holders of at least 50% of the registrable securities then outstanding that we file a registration statement under the Securities Act covering the registration of outstanding registrable securities, then we will be required, within 20 days of receipt of the written request, to use commercially reasonable efforts to register, as soon as practicable, all of the shares requested to be registered for public resale, if the amount of registrable securities to be registered will have aggregate gross proceeds (before underwriting discount) of at least $20.0 million. We are required to effect only three registrations pursuant to this provision of the amended and restated investor rights agreement. We may postpone the filing of a registration statement no more than once during any 12-month period for up to 90 days if our board of directors determines that the filing would be detrimental to us and our stockholders. We are not required to effect a requested registration under certain additional circumstances specified in the amended and restated investor rights agreement.

Form S-3 Registration Rights

The holders of an aggregate of 210,640,629 shares of our Class B common stock following this offering as well as the holders of the shares of our Class A common stock sold in the private placement or their permitted transferees are also entitled to Form S-3 registration rights. The holders of at least 30% of the registrable securities then outstanding can request that we register all or part of their shares on Form S-3 if we are eligible and qualified to file a registration statement on Form S-3 and if the aggregate price to the public of the shares offered is at least $5.0 million. The stockholders may require us to effect at most two registration statements on Form S-3 in any 12-month period. We may postpone the filing of a registration statement on Form S-3 no more than once during any 12-month period for up to 90 days if our board of directors determines that the filing would be detrimental to us and our stockholders. We are not required to effect a registration on Form S-3 under certain additional circumstances specified in the amended and restated investor rights agreement.

Piggyback Registration Rights

If we register any of our securities for public sale, the holders of an aggregate of 222,345,341 shares of our Class B common stock following this offering as well as the holders of the shares of our Class A common stock sold in the private placement or their permitted transferees are entitled to piggyback registration rights. However, this right does not apply to a registration relating to sales of securities of participants in one of our stock plans, a registration relating to the offer and sale of debt securities or a registration relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act. The underwriters of any underwritten offering will have the right, in their sole discretion, to limit, because of marketing reasons, the number of shares registered by these holders, in which case the number of shares to be registered will be apportioned, first, to us, and second, pro rata among these holders, according to the total amount of securities entitled to be included by each holder, subject to additional circumstances specified in the amended and restated investor rights agreement.

Anti-Takeover Provisions

The provisions of Delaware law, our restated certificate of incorporation and our restated bylaws, as we expect they will be in effect upon the completion of this offering, could have the effect of delaying, deferring, or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are subject to the provisions of Section 203 of the DGCL, regulating corporate takeovers. In general, DGCL Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the date on which the person became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding

voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale, or other transaction or series of transactions together resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that DGCL Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Restated Certificate of Incorporation and Restated Bylaw Provisions

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

- *Dual Class Common Stock*. As described above in the section titled "—Common Stock—Voting Rights," our restated certificate of incorporation will provide for a dual class common stock structure pursuant to which holders of our Class B common stock will have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets. Current investors, executives, and employees will have the ability to exercise significant influence over those matters.
- *Board of Directors Vacancies*. Our restated certificate of incorporation and restated bylaws will authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.
- *Classified Board*. Our restated certificate of incorporation and restated bylaws will provide that our board of directors will be classified into three classes of directors. The existence of a classified board of directors could discourage a third party from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors. See the section titled "Management—Board of Directors Composition" for additional information.
- *Directors Removed Only for Cause*. Our restated certificate of incorporation will provide that stockholders may remove directors only for cause.
- *Supermajority Requirements for Amendments of Our Restated Certificate of Incorporation and Restated Bylaws*. Our restated certificate of incorporation will further provide that the affirmative vote of holders of at least two-thirds of the voting power of all of the then outstanding shares of voting stock will be required to amend certain provisions of our restated certificate of incorporation, including provisions relating to the classified board, the size of the board, removal of directors, special meetings, actions by written consent, and designation of our preferred stock. In addition, the affirmative vote of holders of 75% of the voting power of each of our Class A common stock and Class B common stock, voting separately by class, will be required to amend the provisions of our restated certificate of incorporation relating to the terms of our Class B common stock. The affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of voting stock will be required to amend or repeal our restated bylaws, although our restated bylaws may be amended by a simple majority vote of our board of directors.
- *Stockholder Action; Special Meeting of Stockholders*. Our restated certificate of incorporation provides that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our lead independent director, or our chief executive officer. Our restated certificate of incorporation will provide that our stockholders may not take action by written consent, but may only take action at annual or special

meetings of our stockholders. As a result, holders of our capital stock would not be able to amend our restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our restated bylaws. Further, our restated bylaws will provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our lead independent director, or our chief executive officer, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders to take any action, including the removal of directors.

- *Advance Notice Requirements for Stockholder Proposals and Director Nominations*. Our restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our restated bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions might also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
- *No Cumulative Voting*. The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our restated certificate of incorporation and restated bylaws will not provide for cumulative voting.
- *Issuance of Undesignated Preferred Stock*. After the filing of our restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue up to shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock enables our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest, or other means.
- *Choice of Forum*. Our restated certificate of incorporation will provide that, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our restated certificate of incorporation or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. This exclusive forum provision will not apply to claims that are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery of the State of Delaware, or for which the Court of Chancery of the State of Delaware does not have subject matter jurisdiction. For instance, the provision would not preclude the filing of claims brought to enforce any liability or duty created by the Exchange Act or Securities Act or the rules and regulations thereunder in federal court.

Listing

We have applied to list our Class A common stock on the Nasdaq Global Select Market under the symbol "PTON."

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC. The transfer agent's address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for shares of our Class A common stock, and we cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Nevertheless, sales of substantial amounts of our Class A common stock, including shares issued upon exercise of outstanding stock options in the public market following this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities.

Following the completion of this offering and the private placement, based on the number of shares of our capital stock outstanding as of June 30, 2019, we will have a total of 41,818,181 shares of our Class A common stock outstanding and 235,942,233 shares of our Class B common stock outstanding. This includes 40,000,000 shares that we are selling in this offering, which shares may be resold in the public market immediately following this offering (or 39,909,092 shares assuming Karen Boone and Howard Draft, two of our directors, who have expressed an interest in purchasing $500,000 and $2.0 million in shares of our Class A common stock in this offering, respectively, equal to 18,181 shares and 72,727 shares, respectively, based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, purchase these shares in the offering), and assumes no additional exercise of outstanding options. Shares of our Class B common stock are convertible into an equivalent number of shares of our Class A common stock and generally convert into shares of our Class A common stock upon transfer.

The remaining outstanding shares of our Class A common stock and Class B common stock, including the shares of Class A common stock to be issued in the private placement, will be deemed “restricted securities” as defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. As a result of the lock-up agreements and market standoff provisions described below and subject to the provisions of Rule 144 or Rule 701, shares will be available for sale in the public market as follows:

- beginning on the date of this prospectus, 40,000,000 of the shares of Class A common stock sold in this offering will be immediately available for sale in the public market (or 39,909,092 shares assuming Karen Boone and Howard Draft, two of our directors, who have expressed an interest in purchasing $500,000 and $2.0 million in shares of our Class A common stock in this offering, respectively, equal to 18,181 shares and 72,727 shares, respectively, based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, purchase these shares in the offering);
- beginning 181 days after the date of this prospectus, 237,760,414 additional shares of common stock will become eligible for sale in the public market, of which 162,258,472 shares, including the 1,818,181 shares of Class A common stock to be issued in the private placement to entities affiliated with TCV, an existing stockholder (or 162,349,380 assuming Karen Boone and Howard Draft, two of our directors, who have expressed an interest in purchasing $500,000 and $2.0 million in shares of our Class A common stock in this offering, respectively, equal to 18,181 shares and 72,727 shares, respectively, based upon an assumed initial public offering price of $27.50, which is the midpoint of the price range set forth on the cover page of this prospectus, purchase these shares in the offering) will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below; provided that if (1) if at least 120 days have elapsed since the date of this prospectus, (2) we have publicly released our earnings results for the quarterly period during which this offering occurred, and (3) the lock-up period as described below is scheduled to end during or within five trading days prior a blackout period, beginning on the date that is ten trading days prior to the commencement of such blackout period, such additional shares shall become eligible for sale in the public market; and
- the remainder of the shares of common stock will be eligible for sale in the public market from time to time thereafter upon subject to vesting and, in some cases, to the volume and other restrictions of Rule 144, as described below.

Lock-Up Agreements and Market Stand Off Provisions

All of our directors, executive officers, and substantially all of the holders of our common stock, or securities exercisable for or convertible into our common stock outstanding immediately prior to this offering, including the shares of Class A common stock to be issued in the private placement to entities affiliated with TCV, an existing stockholder, as well as any shares purchased by Karen Boone and Howard Draft, two of our directors, in this offering, are subject to lock-up agreements or market standoff provisions that, subject to exceptions described under the section titled “Underwriting” below, prohibit

them from offering for sale, selling, contracting to sell, granting any option for the sale of, transferring or otherwise disposing of any shares of our common stock, stock options, or any security or instrument related to this common stock, or stock option for a period of at least 180 days following the date of this prospectus, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC; provided that if (1) at least 120 days have elapsed since the date of this prospectus, (2) we have publicly released our earnings results for the quarterly period during which this offering occurred and (3) such lock-up period is scheduled to end during or within five trading days prior to a blackout period, such lock-up period will end ten trading days prior to the commencement of such blackout period. These agreements are subject to certain customary exceptions. See the section titled "Underwriting" for additional information.

Rule 144

In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144 and the requirements of the lock-up and market standoff agreements, as described above. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares (subject to the requirements of the lock-up and market standoff agreements, as described above) without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up and market standoff provisions described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately 418,182 shares immediately after this offering and the private placement; or
- the average weekly trading volume of our Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our capital stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701. Moreover, all Rule 701 shares are subject to lock-up agreements and or market standoff agreements as described above and under the section titled "Underwriting" and will not become eligible for sale until the expiration of those agreements.

Registration Statements

In connection with this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act covering all of the shares of our Class B common stock subject to outstanding stock options and the shares of our Class A common stock reserved for issuance under our equity incentive plans. We expect to file this registration statement as soon as permitted under the Securities Act. However, the shares registered on Form S-8 may be subject to the volume limitations and the manner of sale, notice, and public information requirements of Rule 144 and will not be eligible for resale until expiration of the lock-up and market standoff agreements to which they are subject.

Registration Rights

We have granted demand, Form S-3, and piggyback registration rights to certain of our stockholders to sell our common stock. Registration of the sale of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See the section titled “Description of Capital Stock—Registration Rights” for additional information.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR CLASS A COMMON STOCK

The following summary describes the material U.S. federal income tax consequences of the ownership and disposition of our Class A common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion does not address all aspects of U.S. federal income taxes, does not discuss the potential application of the alternative minimum tax or the Medicare Contribution tax on net investment income, and does not deal with state or local taxes, U.S. federal gift, and estate tax laws, except to the limited extent provided below, or any non-U.S. tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances.

Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Code, such as:

- insurance companies, banks, and other financial institutions;
- tax-exempt organizations (including private foundations) and tax-qualified retirement plans;
- "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;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our Class A common stock being taken into account in an applicable financial statement;
- non-U.S. governments and international organizations;
- broker-dealers and traders in securities;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons that own, or are deemed to own, more than five percent of our Class A common stock;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- persons that hold our Class A common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security," or integrated investment or other risk reduction strategy;
- persons who do not hold our Class A common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes); and
- partnerships and other pass-through entities, and investors in such pass-through entities (regardless of their places of organization or formation).

Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them.

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, possibly retroactively, and are subject to differing interpretations which could result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the Internal Revenue Service, or IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions or will not take a contrary position regarding the tax consequences described herein, or that any such contrary position would not be sustained by a court.

PERSONS CONSIDERING THE PURCHASE OF OUR CLASS A COMMON STOCK PURSUANT TO THIS OFFERING SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF ACQUIRING, OWNING, AND DISPOSING OF OUR CLASS A COMMON STOCK IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION, INCLUDING ANY STATE, LOCAL, OR NON-U.S. TAX CONSEQUENCES OR ANY U.S. FEDERAL NON-INCOME TAX CONSEQUENCES, AND THE POSSIBLE APPLICATION OF TAX TREATIES.

For the purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of Class A common stock that is not a U.S. Holder or a partnership for U.S. federal income tax purposes. A "U.S. Holder" means a beneficial owner of our Class A

common stock that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes), created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are an individual non-U.S. citizen, you may, in some cases, be deemed to be a resident alien (as opposed to a nonresident alien) by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. Generally, for this purpose, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year, are counted.

Resident aliens are generally subject to U.S. federal income tax as if they were U.S. citizens. Individuals who are uncertain of their status as resident or nonresident aliens for U.S. federal income tax purposes are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership or disposition of our Class A common stock.

Distributions

We do not expect to make any distributions on our Class A common stock in the foreseeable future. If we do make distributions on our Class A common stock, however, such distributions made to a Non-U.S. Holder of our Class A common stock will constitute dividends for U.S. tax purposes to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a Non-U.S. Holder's adjusted tax basis in our Class A common stock. Any remaining excess will be treated as gain realized on the sale or exchange of our Class A common stock as described below under "—Gain on Disposition of Our Class A Common Stock."

Any distribution on our Class A common stock that is treated as a dividend paid to a Non-U.S. Holder that is not effectively connected with the holder's conduct of a trade or business in the United States will generally be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and the Non-U.S. Holder's country of residence. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide the applicable withholding agent with a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or other appropriate form, certifying the Non-U.S. Holder's entitlement to benefits under that treaty. Such form must be provided prior to the payment of dividends and must be updated periodically. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent will then be required to provide certification to the applicable withholding agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. withholding tax under an income tax treaty, you should consult with your own tax advisor to determine if you are able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment that the holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to the applicable withholding agent. In general, such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates applicable to U.S. persons. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional "branch profits tax," which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments.

See also the section below titled "—Foreign Accounts" for additional withholding rules that may apply to dividends paid to certain foreign financial institutions or non-financial foreign entities.

Gain on Disposition of Our Class A Common Stock

Subject to the discussions below under the sections titled "—Backup Withholding and Information Reporting," a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax with respect to gain realized on a sale or other

disposition of our Class A common stock unless (1) the gain is effectively connected with a trade or business of the holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment that the holder maintains in the United States), (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 the holder's holding period in the Class A common stock.

If you are a Non-U.S. Holder described in (1) above, you will be required to pay tax on the net gain derived from the sale at the regular graduated U.S. federal income tax rates applicable to U.S. persons. Corporate Non-U.S. Holders described in (1) above may also be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual Non-U.S. Holder described in (2) above, you will be required to pay a flat 30% tax on the gain derived from the sale, which gain may be offset by U.S. source capital losses (even though you are not considered a resident of the United States), provided you have timely filed U.S. federal income tax returns with respect to such losses. With respect to (3) above, in general, we would be a United States real property holding corporation if United States real property interests (as defined in the Code and the Treasury Regulations) comprised (by fair market value) at least half of our assets. We believe that we are not, and do not anticipate becoming, a United States real property holding corporation. However, there can be no assurance that we will not become a United States real property holding corporation in the future. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our Class A common stock will not be subject to U.S. federal income tax so long as (1) the Non-U.S. Holder owned, directly, indirectly, or constructively, no more than five percent of our Class A common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder's holding period and (2) our Class A common stock is regularly traded on an established securities market. There can be no assurance that our Class A common stock will qualify as regularly traded on an established securities market.

U.S. Federal Estate Tax

The estates of nonresident alien individuals generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our Class A common stock will be U.S. situs property and, therefore, will be included in the taxable estate of a nonresident alien decedent, unless an applicable estate tax treaty between the United States and the decedent's country of residence provides otherwise. The terms "resident" and "nonresident" are defined differently for U.S. federal estate tax purposes than for U.S. federal income tax purposes. Investors are urged to consult their own tax advisors regarding the U.S. federal estate tax consequences of the ownership or disposition of our Class A common stock.

Backup Withholding and Information Reporting

Generally, we or certain financial middlemen must report information to the IRS with respect to any dividends we pay on our Class A common stock, including the amount of any such dividends, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder to whom any such dividends are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Dividends paid by us (or our paying agents) to a Non-U.S. Holder may also be subject to U.S. backup withholding. U.S. backup withholding generally will not apply to a Non-U.S. Holder who provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know the holder is a U.S. person.

Under current U.S. federal income tax law, U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our Class A common stock effected by or through a U.S. office of any broker, U.S. or non-U.S., unless the Non-U.S. Holder provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or otherwise meets documentary evidence requirements for establishing non-U.S. person status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes only, certain U.S. related brokers may be treated in a manner similar to U.S. brokers.

Backup withholding is not an additional tax. If backup withholding is applied to you, you should consult with your own tax advisor to determine whether you have overpaid your U.S. federal income tax, and whether you are able to obtain a tax refund or credit of the overpaid amount.

Foreign Accounts

In addition, U.S. federal withholding taxes may apply under the Foreign Account Tax Compliance Act, or FATCA, on certain types of payments, including dividends on our Class A common stock, made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on our Class A common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution agrees to undertake certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. The 30% federal withholding tax described in this paragraph cannot be reduced under an income tax treaty with the United States. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2019, although under recently proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on such proposed regulations pending finalization), no withholding would apply with respect to payments of gross proceeds.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our Class A common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR CLASS A COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAW, AS WELL AS TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, NON-U.S. OR U.S. FEDERAL NON-INCOME TAX LAWS SUCH AS ESTATE AND GIFT TAX.

UNDERWRITING

We and the underwriters named below will enter into an underwriting agreement with respect to the shares of Class A common stock being offered. Subject to certain conditions, each underwriter will severally agree to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
BofA Securities, Inc.	
Barclays Capital Inc.	
UBS Securities LLC	
Cowen and Company, LLC	
Canaccord Genuity LLC	
Evercore Group L.L.C.	
JMP Securities LLC	
KeyBanc Capital Markets Inc.	
Needham & Company, LLC	
Oppenheimer & Co. Inc.	
Raymond James & Associates, Inc.	
Stifel, Nicolaus & Company, Incorporated	
SunTrust Robinson Humphrey, Inc.	
William Blair & Company, L.L.C.	
Telsey Advisory Group LLC	
Academy Securities, Inc.	
Siebert Cisneros Shank & Co., LLC	
R. Seelaus & Co., LLC	
The Williams Capital Group, LP	
Total	40,000,000

The underwriters will commit to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 6,000,000 shares of Class A common stock in this offering to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

Karen Boone and Howard Draft, two of our directors, have expressed an interest in purchasing $500,000 and $2.0 million in shares of our Class A common stock in this offering, respectively (equal to 18,181 shares and 72,727 shares, respectively, based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus). At our request, the underwriters have reserved such shares for sale to Ms. Boone and Mr. Draft. All such shares would be purchased at the initial public offering price and on the same terms as the other purchasers in this offering. Whether or not Ms. Boone and Mr. Draft purchase any or all of the shares which they have expressed an interest in purchasing will not affect the underwriters' commitment to purchase the common shares offered by us if the underwriters purchase any shares.

The following table shows the per share and total underwriting discount to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 6,000,000 additional shares of our Class A common stock.

Paid by Us	No Exercise	Full Exercise
Per share	$	$
Total	$	$

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the initial public offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make internet distributions on the same basis as other allocations.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. Sales of shares made outside of the United States may be made by affiliates of the underwriters. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our executive officers, directors, and holders of substantially all of our common stock and securities convertible into or exchangeable for our common stock have agreed or will agree with the underwriters, subject to certain exceptions, not to dispose of or hedge any of our or their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC; provided that if (1) at least 120 days have elapsed since the date of this prospectus, (2) we have publicly released our earnings results for the quarterly period during which this offering occurred, and (3) such lock-up period is scheduled to end during or within five trading days prior to a blackout period, such lock-up period will end ten trading days prior to the commencement of such blackout period. We will announce the date of any expected blackout-related release to the lock-up at least two trading days in advance of such release. This agreement does not apply to any existing employee benefit plans. See the section titled "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares of our Class A common stock. The initial public offering price has been negotiated between the representatives and us. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects of the company, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses. Neither we nor the underwriters can assure investors that an active trading market will develop for our Class A common stock or that the shares will trade in the public market at or above the initial public offering price.

We have applied to list our Class A common stock on the Nasdaq Global Select Market under the symbol "PTON."

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, stabilizing transactions, and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater

than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of the offering, excluding underwriting discount, will be approximately $6.0 million. We have agreed to reimburse the underwriters for certain expenses incurred by them in connection with this offering including up to $30,000 for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority. The underwriters have agreed to reimburse us, or will pay and not seek reimbursement from us, for certain expenses incurred by us in connection with this offering.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In June 2019, we entered into the Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, and Bank of America, N.A., Barclays Bank PLC, Goldman Sachs Lending Partners LLC, and Silicon Valley Bank, as joint syndication agents, which amended and restated the loan and security agreement that we previously entered into in November 2017. The Credit Agreement provides for a $250.0 million secured revolving credit facility, including up to the lesser of $150.0 million and the aggregate unused amount of the facility for the issuance of letters of credit. The principal amount, if any, is payable in full in June 2024. As of June 30, 2019, we had not drawn on the credit facility and did not have outstanding borrowings under the Credit Agreement. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” for additional information.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors, and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans,

commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities, or instruments of the issuer (directly, as collateral securing other obligations or otherwise) or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas or publish or express independent research views in respect of such assets, securities, or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities, and instruments.

European Economic Area

In relation to each Member State of the European Economic Area, or EEA, that has implemented the Prospectus Directive, each, a 'Relevant Member State, an offer to the public of shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive:

(a) To any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) To fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Representatives for any such offer; or

(c) In any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any Brazilian placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to public" in relation to shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and shares of our common stock to be offered so as to enable an investor to decide to purchase shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

This EEA selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed as qualified investors who are (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order; or (2) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

Canada

The shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principals that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption form, 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 of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or, Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or Securities and Futures Ordinance, or (2) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (3) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the shares were not offered or sold or caused to be made the subject of an invitation for subscription or purchase and will not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares, has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (1) to an institutional investor (as defined under Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time, or the SFA) pursuant to Section 274 of the SFA, (2) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, or (5) as specified in Section 276(7) of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, or (5) as specified in Section 276(7) of the SFA.

Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The shares may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

PRIVATE PLACEMENT

Entities affiliated with TCV will purchase from us in a private placement, subject to certain regulatory conditions, a number of shares of Class A common stock with an aggregate purchase price of approximately $50.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of $27.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, this would be 1,818,181 shares of Class A common stock. The sale of these shares to entities affiliated with TCV will not be registered in this offering.

LEGAL MATTERS

Fenwick & West LLP, New York, New York, which has acted as our counsel in connection with this offering, will pass upon the validity of the issuance of the shares of our Class A common stock offered by this prospectus. As of the date of this prospectus, individuals and entities associated with Fenwick & West LLP beneficially own an aggregate of 6,926 shares of our Series F redeemable convertible preferred stock, which will convert to Class B common stock in connection with the completion of this offering. Latham & Watkins LLP, New York, New York is acting as counsel to the underwriters.

EXPERTS

The financial statements audited by Ernst & Young LLP as of June 30, 2018 and 2019 and for each of the three years in the period ended June 30, 2019 have been included in this prospectus in reliance on the authority of their report as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and the Class A common stock offered hereby, reference is made to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and in each instance, we refer you to the copy of such contract or other document filed as an exhibit to the registration statement. The SEC maintains a website that contains reports, proxy, and information statements, and other information regarding registrants that file electronically with the SEC. The address of the website is *www.sec.gov*.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements, and other information with the SEC. These periodic reports, proxy statements, and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at *www.onepeloton.com*. Upon the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The inclusion of our website address in this prospectus is an inactive textual reference only. The information contained in or accessible through our website is not part of this prospectus or the registration statement of which this prospectus forms a part, and investors should not rely on such information in making a decision to purchase our Class A common stock in this offering.

PELOTON INTERACTIVE, INC.
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Peloton Interactive, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Peloton Interactive, Inc. (the Company) as of June 30, 2018 and 2019, the related consolidated statements of operations and comprehensive loss, cash flows and changes in redeemable convertible preferred stock and stockholders' deficit for each of the three years in the period ended June 30, 2019, and 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 at June 30, 2018 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

New York, New York
August 20, 2019

PELOTON INTERACTIVE, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share amounts)

	As of June 30,		Pro Forma as of June 30, 2019
	2018	2019	(unaudited)
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 150.6	$ 162.1	
Marketable securities	—	216.0	
Accounts receivable, net of allowances	9.4	18.5	
Inventories	25.3	136.6	
Prepaid expenses and other current assets	18.4	48.4	
Total current assets	203.8	581.7	
Property and equipment, net	36.2	249.7	
Intangible assets, net	24.5	19.5	
Goodwill	4.2	4.3	
Restricted cash	1.0	0.8	
Other assets	1.6	8.5	
Total assets	$ 271.2	$ 864.5	
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT			
Current Liabilities:			
Accounts payable	$ 28.1	$ 92.2	
Accrued expenses	51.4	104.5	
Customer deposits and deferred revenue	88.5	90.8	
Other current liabilities	2.2	3.3	
Total current liabilities	170.2	290.8	
Deferred rent	9.4	23.7	
Build-to-suit liability	—	147.1	
Other non-current liabilities	1.0	0.4	
Total liabilities	180.5	462.0	
Commitments and contingencies (Note 11)			
Redeemable convertible preferred stock, $0.000025 par value, 182,193,592 and 215,443,468 shares authorized; 176,313,468 and 210,640,629 shares issued and outstanding as of June 30, 2018 and 2019, respectively; no shares issued and outstanding as of June 30, 2019, pro forma (unaudited)	406.3	941.1	$ —
Stockholders' Deficit:			
Common stock, $0.000025 par value, 266,946,216 and 400,000,000 shares authorized; 25,936,848 and 25,301,604 shares issued and outstanding as of June 30, 2018 and 2019, respectively; 235,942,233 shares outstanding pro forma (unaudited)	—	—	—
Additional paid-in capital	20.5	90.7	1,031.8
Accumulated other comprehensive loss	—	0.2	0.2
Accumulated deficit	(336.1)	(629.5)	(629.5)
Total stockholders' deficit	(315.6)	(538.6)	$ 402.5
Total liabilities, redeemable convertible preferred stock, and stockholders' deficit	$ 271.2	$ 864.5	

See accompanying notes to these consolidated financial statements.

PELOTON INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in millions, except share and per share amounts)

	Fiscal Year Ended June 30,		
	2017	2018	2019
Revenue:			
Connected Fitness Products	$ 183.5	$ 348.6	$ 719.2
Subscription	32.5	80.3	181.1
Other	2.6	6.2	14.7
Total revenue	218.6	435.0	915.0
Cost of revenue:			
Connected Fitness Products	113.5	195.0	410.8
Subscription	29.3	45.5	103.7
Other	1.9	4.9	17.0
Total cost of revenue	144.7	245.4	531.4
Gross profit	73.9	189.6	383.6
Operating expenses:			
Research and development	13.0	23.4	54.8
Sales and marketing	86.0	151.4	324.0
General and administrative	45.6	62.4	207.0
Total operating expenses	144.7	237.1	585.8
Loss from operations	(70.7)	(47.5)	(202.3)
Other (expense) income, net:			
Interest (expense) income, net	(0.3)	(0.3)	7.0
Other (expense) income, net	—	—	(0.3)
Total other (expense) income, net	(0.3)	(0.3)	6.7
Loss before provision for income taxes	(71.1)	(47.8)	(195.6)
Provision for income taxes	—	0.1	0.1
Net loss	$ (71.1)	$ (47.9)	$ (195.6)
Net loss attributable to common stockholders	$ (163.4)	$ (47.9)	$ (245.7)
Net loss per share attributable to common stockholders, basic and diluted	$ (5.97)	$ (2.18)	$ (10.72)
Weighted-average common shares outstanding, basic and diluted	27,379,789	21,934,228	22,911,764
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)			$ (0.84)
Pro forma weighted-average common shares outstanding, basic and diluted (unaudited)			233,552,393
Other comprehensive income:			
Change in unrealized gain (loss) on marketable securities	$ —	$ —	$ 0.2
Total other comprehensive income	—	—	0.2
Comprehensive loss	$ (71.1)	$ (47.9)	$ (195.4)

See accompanying notes to these consolidated financial statements.

PELOTON INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Fiscal Year Ended June 30,		
	2017	2018	2019
Cash Flows from Operating Activities:			
Net loss	$ (71.1)	$ (47.9)	$ (195.6)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	3.7	6.6	21.7
Stock-based compensation expense	10.3	8.5	89.5
Impairment of long-lived assets	0.2	0.7	0.5
Amortization of debt issuance costs	0.1	0.3	0.3
Amortization of (discount) on marketable securities	—	—	(2.2)
Changes in operating assets and liabilities:			
Accounts receivable	(3.6)	(4.1)	(9.1)
Inventories	(5.0)	(9.6)	(111.3)
Prepaid expenses and other current assets	(1.0)	(12.1)	(30.3)
Other assets	(1.1)	1.4	(5.5)
Accounts payable and accrued expenses	22.1	41.0	117.3
Customer deposits and deferred revenue	19.0	63.0	2.2
Other liabilities	7.8	1.9	13.8
Net cash (used in) provided by operating activities	(18.6)	49.7	(108.6)
Cash Flows from Investing Activities:			
Purchases of marketable securities	—	—	(249.8)
Maturities of marketable securities	—	—	36.0
Cash paid for cost method investment	—	—	(0.6)
Purchases of property and equipment	(10.2)	(28.0)	(83.0)
Acquisition of business, net of cash acquired	—	(28.7)	(0.1)
Net cash used in investing activities	(10.2)	(56.7)	(297.5)
Cash Flows from Financing Activities:			
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	315.6	—	539.1
Repurchase of common and redeemable convertible preferred stock, including issuance costs	(170.0)	—	(130.3)
Proceeds from borrowings under credit facility	10.5	—	—
Debt repayments	(13.0)	(3.1)	—
Debt issuance costs	(0.2)	(1.2)	(0.9)
Proceeds from exercise of stock options	0.7	7.4	9.3
Net cash provided by financing activities	143.6	3.1	417.2
Effect of exchange rate changes	—	—	0.2
Net change in cash	114.8	(3.9)	11.3
Cash, cash equivalents, and restricted cash — Beginning of period	40.7	155.5	151.6
Cash, cash equivalents, and restricted cash — End of period	$ 155.5	$ 151.6	$ 163.0
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	$ 0.2	$ 0.3	$ 1.1
Supplemental Disclosures of Non-Cash Investing and Financing Information:			
Property and equipment accrued but unpaid	$ 0.4	$ 4.3	$ 12.6
Building — build-to-suit asset	$ —	$ —	$ 147.1
Stock-based compensation expense capitalized for software development costs	$ —	$ 0.3	$ 0.8

See accompanying notes to these consolidated financial statements.

PELOTON INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(in millions)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance — July 1, 2016	138.9	$ 117.1	28.1	$ —	$ 3.4	$ —	$ (81.4)	$ (78.0)
Issuance of Series E redeemable convertible preferred stock, net	60.0	315.6	—	—	—	—	—	—
Repurchase of common and redeemable convertible preferred stock	(22.6)	(26.4)	(9.7)	—	—	—	(135.2)	(135.2)
Forfeiture of restricted stock awards	—	—	(0.1)	—	—	—	—	—
Exercise of stock options	—	—	1.9	—	0.7	—	—	0.7
Stock-based compensation expense	—	—	—	—	2.0	—	—	2.0
Net loss	—	—	—	—	—	—	(71.1)	(71.1)
Balance — June 30, 2017	176.3	$ 406.3	20.2	$ —	$ 6.1	$ —	$ (287.7)	$ (281.6)
Exercise of stock options	—	$ —	5.7	$ —	$ 5.3	—	$ —	$ 5.3
Stock-based compensation expense	—	—	—	—	8.6	—	—	8.6
Cumulative effect of change in accounting principle	—	—	—	—	0.5	—	(0.5)	—
Net loss	—	—	—	—	—	—	(47.9)	(47.9)
Balance — June 30, 2018	176.3	$ 406.3	25.9	$ —	$ 20.5	$ —	$ (336.1)	$ (315.6)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Issuance of Series F redeemable convertible preferred stock, net	38.1	$ 539.1	—	$ —	$ —	$ —	$ —	$ —
Repurchase of common and redeemable preferred stock	(3.8)	(4.3)	(4.8)	—	—	—	(97.8)	(97.8)
Exercise of stock options	—	—	4.2	—	8.2	—	—	8.2
Stock-based compensation expense	—	—	—	—	62.1	—	—	62.1
Other comprehensive income	—	—	—	—	—	0.2	—	0.2
Net loss	—	—	—	—	—	—	(195.6)	(195.6)
Balance — June 30, 2019	210.6	$ 941.1	25.3	$ —	$ 90.7	$ 0.2	$ (629.5)	$ (538.6)

See accompanying notes to these consolidated financial statements.

PELOTON INTERACTIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Description and Organization

Peloton Interactive, Inc. ("Peloton" or the "Company") is the largest interactive fitness platform in the world with a loyal community of Members, which we define as any individual who has a Peloton account. The Company pioneered connected, technology-enabled fitness and the streaming of immersive, instructor-led boutique classes to its Members anytime, anywhere. The Company makes fitness entertaining, approachable, effective, and convenient while fostering social connections that encourage its Members to be the best versions of themselves.

The Company markets and sells its interactive fitness products ("Connected Fitness Products") directly through its retail showrooms and at www.onepeloton.com. The Company was founded in 2012 and incorporated in the State of Delaware in 2015. As of June 30, 2019, the Company had established wholly owned subsidiaries in the United States, the United Kingdom, Canada, and Germany and its corporate headquarters is in New York, New York.

The Company organizes its business into the following three reportable segments: Connected Fitness Products, Subscription and Other. See Note 17, Segment Information, for further discussion of the Company's segment reporting structure.

Basis of Presentation

The financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

Certain monetary amounts, percentages, and other figures included elsewhere in these financial statements have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

Basis of Consolidation

The consolidated financial statements include the accounts of Peloton Interactive, Inc. and its subsidiaries in which the Company has a controlling financial interest. All significant intercompany balances and transactions have been eliminated.

Unaudited Pro Forma Balance Sheet Information

The unaudited pro forma balance sheet information as of June 30, 2019 presents the Company's stockholders' deficit as though all of the Company's redeemable convertible preferred stock outstanding had automatically converted into an aggregate of 210,640,629 shares of the Company's common stock, upon the completion of a qualifying initial public offering ("IPO") of the Company's common stock. The shares of common stock issuable and the proceeds expected to be received by the Company upon the completion of a qualifying IPO are excluded from such pro forma financial information.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all cash and short-term investments purchased with maturities of three months or less when acquired to be cash equivalents. As of June 30, 2018 and 2019, the Company's cash and cash equivalents were substantially held in money market and operating accounts. At various times during the fiscal years ended June 30, 2018 and 2019, the balances of cash at financial institutions exceeded the federally insured limit. The Company has not experienced any losses in such accounts and believes cash and cash equivalents are not subject to any significant credit risk.

PELOTON INTERACTIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted Cash

Restricted cash primarily consists of cash held in reserve accounts related to operating lease obligations.

Accounts Receivable, Net of Allowances

The Company's accounts receivable primarily represent amounts due from third-party sales processors. On a periodic basis, the Company evaluates accounts receivable estimated to be uncollectible, which to date have not been material, and provides allowances, as necessary, for doubtful accounts.

Revenue Recognition

Adoption of Topic 606

On July 1, 2018, the Company adopted ASU 2014-09 and all subsequent amendments. The Company elected to apply the standard and all related ASUs retrospectively to each prior reporting period presented. The adoption of the new standard had no material impact on the measurement or recognition of revenue, resulting in no adjustments to the prior periods. Additional disclosures, however, have been added in accordance with ASU 2014-09. Refer to Note 3, Revenue.

Shipping and Delivery Fees

The Company accounts for shipping, delivery and installation fees, net of discounts and refunds, billed to customers as revenue.

Sales Taxes

Sales tax collected from customers and remitted to governmental authorities is not included in revenue and is reflected as a liability on the balance sheet.

Inventories

Inventories consist of finished goods, which are generally purchased from contract manufacturers. Connected Fitness Product, accessories, and apparel inventories are stated at the lower of cost or market on a weighted-average cost basis. The Company assesses the valuation of inventory and periodically adjusts the value for estimated excess and obsolete inventory based upon estimates of future demand and market conditions, as well as damaged or otherwise impaired goods. Spare parts are recorded as inventory and recognized in cost of goods sold as consumed.

Marketable Securities

The Company classifies its marketable debt securities as available-for-sale and, accordingly, records them at fair value. Marketable securities with original maturities of greater than three months and remaining maturities of less than one year are classified as current investments. Investments with maturities beyond one year may be classified as current based on their highly liquid nature and because such marketable securities represent the investment of cash that is available for current operations. Unrealized holding gains and losses, which are immaterial, are excluded from earnings and are reported net of tax in other comprehensive income until realized. Dividend and interest income is recognized when earned. Realized gains and losses, are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. For leasehold improvements, the useful life is the lesser of the applicable lease term or the expected asset life. Charges for repairs and maintenance that do

not improve or extend the lives of the respective assets are expensed as incurred. The Company capitalizes the cost of pre-production tooling which it owns during a supply arrangement. Pre-production tooling and engineering costs the Company will not own or will not be used in producing products under long-term supply arrangements are expensed as incurred.

Internal-Use Software

The Company capitalizes certain qualified costs incurred in connection with the development of internal-use software. The Company evaluates the costs incurred during the application development stage of internal use software and website development to determine whether the costs meet the criteria for capitalization. Costs related to preliminary project activities and post implementation activities including maintenance are expensed as incurred. Capitalized costs related to internal-use software are amortized on a straight-line basis over the estimated useful life of the software, not to exceed three years. Capitalized costs less accumulated amortization are included within property and equipment, net on the consolidated balance sheets.

Goodwill and Intangible Assets

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, if any, over the fair value of identifiable assets acquired and liabilities assumed in a business combination. The Company has no intangible assets with indefinite useful lives.

Intangible assets other than goodwill are comprised of acquired developed technology. At initial recognition, intangible assets acquired in a business combination are recognized at their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any, and are amortized on a straight-line basis over the estimated useful life of the asset.

The Company reviews goodwill for impairment annually or whenever events or changes in circumstances indicate that an impairment may exist. In conducting its annual impairment test, the Company first reviews qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If factors indicate that the fair value of the reporting unit is less than its carrying amount, the Company performs a quantitative assessment and the fair value of the reporting unit is determined by analyzing the expected present value of future cash flows. If the carrying value of the reporting unit continues to exceed its fair value, the implied fair value of the reporting unit's goodwill is calculated and an impairment loss equal to the excess is recorded. The Company performs its annual impairment tests in the fourth quarter of each fiscal year.

The Company assesses the impairment of intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted net future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds fair value.

Cost of Revenue

Connected Fitness Products

Cost of revenue consists of product costs, including manufacturing costs, duties and other applicable importing costs, shipping and handling costs, packaging, warranty replacement costs, fulfillment costs, warehousing costs, and certain allocated costs related to management, facilities, and personnel-related expenses associated with supply chain logistics.

Subscription

Subscription cost of revenue includes costs associated with content creation and cost to stream content to our Members across the Company's platform. These costs consist of both fixed costs, including studio rent and occupancy, other studio overhead and instructor and production personnel costs, and variable costs, including music royalty fees, content costs for past use, third-party platform streaming costs, and payment processing fees for our monthly subscription billings.

Music Royalty Fees

The Company recognizes music royalty fees on all music it streams to Members as these fees are incurred in accordance with the terms of the relevant license agreement with the music rights holder. The incurrence of the royalties is primarily driven by content usage by the Company's Members on a fee-per-play basis through the use of the Company's Subscriptions and classified within subscription cost of revenue within the Company's statement of operations. The Company's license agreements with music rights holders generally include provisions for advance royalties as well as minimum guarantees. When a minimum guarantee is paid in advance, the guarantee is recorded as a prepaid expense and amortized to subscription cost of revenue.

As the Company executes music license agreements with various music rights holders for go-forward usage, the Company may also simultaneously enter into a settlement agreement whereby the Company is released from all potential licensor claims regarding the Company's alleged past use of copyrighted material in exchange for a negotiated payment. These are referred to as "content costs for past use" and are recorded within subscription cost of revenue. The Company has entered into agreements with music rights holders who represent all the music catalogs that the Company needs to operate its service, however, given the uncertain and opaque nature of music rights ownership, the Company's archived library may continue to include music for which certain rights or fractional interests have not been accurately determined or fully licensed. Prior to the execution of a music license agreement, the Company estimates and records a charge based upon license agreements previously entered into and the market share and size of the music rights holder.

Income Taxes

The Company utilizes the asset and liability method for computing its income tax provision. Deferred tax assets and liabilities reflect the expected future consequences of temporary differences between the financial reporting and tax bases of assets and liabilities as well as operating loss, capital loss, and tax credit carryforwards, using enacted tax rates. Management makes estimates, assumptions, and judgments to determine the Company's provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against deferred tax assets. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent the Company believes recovery is not likely, establishes a valuation allowance.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. Interest and penalties related to unrecognized tax benefits, which to date have not been material, are recognized within income tax expense.

Research and Development Costs

Research and development expenses consist primarily of personnel- and facilities-related expenses, consulting and contractor expenses, tooling and prototype materials and software platform expenses. Substantially all of the Company's research and development expenses are related to developing new products and services and improving existing products and services. Research and development expenses are expensed as incurred. For the fiscal years ended June 30, 2017, 2018, and 2019, research and development costs were $13.0 million, $23.4 million, $54.8 million, respectively.

PELOTON INTERACTIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock-Based Compensation

Stock-based awards are measured at the grant date based on the fair value of the award and are recognized as expense, net of actual forfeitures, on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. For performance-based options issued, the value of the instrument is measured at the grant date as the fair value of the award and expensed over the vesting term under an accelerated attribution method when the performance targets are considered probable of being achieved. The Company estimates the fair value of stock options using the Black-Scholes option pricing model. The determination of the grant date fair value of stock awards issued is affected by a number of variables, including the fair value of the Company's common stock, the expected common stock price volatility over the expected life of the options, the expected term of the stock option, risk-free interest rates, and the expected dividend yield of the Company's common stock. The Company derives its volatility from the average historical stock volatilities of several peer public companies over a period equivalent to the expected term of the awards. The Company estimates the expected term based on the simplified method for employee stock options considered to be "plain vanilla" options, as the Company's historical share option exercise experience does not provide a reasonable basis upon which to estimate the expected term. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant. Expected dividend yield is 0.0% as the Company has not paid and does not anticipate paying dividends on its common stock.

Generally, the Company's stock options plans permit early exercise. The unvested portion of shares exercised is recorded as a liability on the Company's balance sheet and reclassified to equity as vesting occurs.

Common Stock Valuations

The Company has historically granted stock options at exercise prices equal to the fair value as determined by the Company's Board of Directors ("Board of Directors") on the date of grant. In the absence of a public trading market, the Board of Directors, with input from management, exercises significant judgment and consider numerous objective and subjective factors to determine the fair value of the Company's common stock as of the date of each stock option grant, including:

- relevant precedent transactions involving the Company's capital stock;
- the liquidation preferences, rights, preferences, and privileges of the Company's redeemable convertible preferred stock relative to the common stock;
- the Company's actual operating and financial performance;
- current business conditions and projections;
- the Company's stage of development;
- the likelihood and timing of achieving a liquidity event for the shares of common stock underlying the stock options, such as an initial public offering, given prevailing market conditions;
- any adjustment necessary to recognize a lack of marketability of the common stock underlying the granted options;
- recent secondary stock sales and tender offers;
- the market performance of comparable publicly traded companies; and
- U.S. and global capital market conditions.

In addition, the Board of Directors considers the independent valuations completed by a third-party valuation consultant. The valuations of the Company's common stock are determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

Share Repurchases

Shares of the Company's common and preferred stock may be repurchased from time to time as authorized by the Board of Directors. Share repurchases are funded from existing cash balances, and repurchased shares are retired and returned to

unissued authorized shares. These repurchases are accounted for as reductions to the Company's common and preferred stock to the extent available with remaining amounts allocated against retained earnings.

Use of Estimates

The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, and expenses and related disclosures. On an ongoing basis, the Company evaluates its estimates, including, among others, those related to income taxes, the realizability of inventory, stock-based compensation, contingencies, revenue-related reserves, content costs for past use reserve, fair value measurements, useful lives of property, plant and equipment, as well as intangible assets, and impairment of goodwill, intangible, and long-lived assets. The Company bases its estimates on historical experience, market conditions, and on various other assumptions that are believed to be reasonable. Actual results may differ from these estimates.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. If a loss is reasonably possible and the loss or range of loss can be reasonably estimated, the Company discloses the possible loss or states that such an estimate cannot be made.

Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive income when they occur. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurement or assumptions that market participants would use in pricing the assets or liabilities, such as inherent risk, transfer restrictions, and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 inputs are based on quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are based on unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The Company's material financial instruments consist primarily of cash and cash equivalents, marketable securities, accounts receivable, accounts payable, and accrued expenses. The carrying values of the Company's accounts receivable, accounts payable, and accrued expenses approximated their fair values at June 30, 2018 and 2019, due to the short period of time to maturity or repayment.

Earnings (Loss) Per Share

The Company computes net income (loss) per share using the two-class method required for participating securities. The two-class method requires income available to common stockholders for the period to 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. The Company's redeemable convertible preferred stock and common stock issued upon early exercise of stock options are participating securities. The Company considers any shares issued upon early exercise of stock options, subject to repurchase, to be participating securities because holders of such shares have non-forfeitable dividend rights in the event a cash dividend is declared on common stock. These participating securities do not contractually require the holders of such shares to participate in the Company's losses. As such, net losses for the periods presented were not allocated to the Company's participating securities.

Basic earnings (loss) per share is computed using the weighted-average number of outstanding shares of common stock during the period. Diluted earnings (loss) per share is computed using the weighted-average number of outstanding shares of common stock and, when dilutive, potential shares of common stock outstanding during the period. Potential shares of common stock consist of incremental shares issuable upon the assumed exercise of stock options and warrants as well as the redeemable convertible preferred shares. During the fiscal years ended June 30, 2017 and 2019, the excess of the repurchase price of preferred stock over its carrying value (see Note 12) has been recorded as an increase to net loss to determine net loss attributable to common stockholders.

Recently Issued Accounting Pronouncements

Accounting Pronouncements Recently Adopted

ASU 2014-09

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 replaces most existing revenue recognition guidance, and requires companies to recognize revenue based upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the standard requires disclosures related to the nature, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company applied the five-step method outlined in ASU 2014-09 to all revenue streams and elected the full retrospective method for its adoption of the standard as of July 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements. The additional disclosures required by ASU 2014-09 are included in Note 3, Revenue.

ASU 2016-09

In March 2016, the FASB issued ASU 2016-09*, Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The standard is effective for public entities for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2016. For all other entities, including emerging growth companies, the standard is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for any entity in any interim or annual period. The Company early adopted ASU 2016-09 as of July 1, 2017. With the adoption of ASU 2016-09, the Company accounts for forfeitures as they occur. The Company applied the guidance on a modified retrospective basis, which resulted in a $0.5 million cumulative effect adjustment and increase to accumulated deficit as of July 1, 2017. The adoption of ASU 2016-09 in 2018 did not have a material impact on the Company's consolidated financial statements.

ASU 2017-01

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The standard provides guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. If substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets, the assets acquired are not considered a business. For public entities, this standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. For all other entities, including emerging growth companies, this standard is effective for annual reporting periods

beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. The Company adopted ASU 2017-01 as of July 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

ASU 2017-09

In May 2017, the FASB issued ASU 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting*, to provide clarity and reduce both diversity in practice and cost complexity when applying the guidance in Topic 718 to a change to the terms and conditions of a stock-based payment award. ASU 2017-09 also provides guidance about the types of changes to the terms or conditions of a share-based payment award that require an entity to apply modification accounting in accordance with Topic 718. The standard is effective for annual periods beginning after December 15, 2017, and for interim periods therein. The Company adopted this update as of July 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

ASU 2018-15

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. ASU 2018-15 requires implementation costs incurred by customers in cloud computing arrangements to be deferred over the noncancelable term of the cloud-computing arrangements plus any optional renewal periods (1) that are reasonably certain to be exercised by the customer or (2) for which exercise of the renewal option is controlled by the cloud service provider. The effective date of this pronouncement for public entities is for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other entities, including emerging growth companies, the standard is effective for years beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted. The standard can be adopted either using the prospective or retrospective transition approach. The Company early adopted ASU 2018-15 using the prospective approach as of January 1, 2019. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

ASU 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires a lessee to separate the lease components from the non-lease components in a contract and recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For public entities, this standard is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. For all other entities, including emerging growth companies, this standard is effective for annual reporting periods beginning after December 15, 2019 and interim periods within annual periods beginning after December 15, 2020. The Company early adopted ASU 2016-02 using the modified retrospective approach as of July 1, 2019. Based upon the Company's lease portfolio and evaluation of the standard, the Company estimates the adoption will result in the addition of $400 million to $500 million of right-of-use-assets and liabilities to the consolidated balance sheet, with no significant change to the consolidated statements of operations or cash flows. Additionally, the Company estimates an approximate $147 million decrease in assets and liabilities due to the de-recognition of the build-to-suit asset and liability.

ASU 2017-04

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other: Simplifying the Test for Goodwill Impairment*, to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The standard is effective for public entities for annual or any interim goodwill impairment tests in annual reporting years beginning after December 15, 2019. For all other entities, including emerging growth companies, the standard is effective for annual or any interim goodwill impairment tests in annual reporting years beginning after December 15, 2021. Early adoption of this standard is permitted. The Company does not expect the adoption of ASU 2017-04 to have a material impact on its consolidated financial statements.

PELOTON INTERACTIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Revenue

The Company's primary source of revenue is from sales of its Connected Fitness Products and associated recurring subscription revenue.

The Company determines revenue recognition through the following steps:

- 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

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company's revenue is reported net of sales returns and discounts, which to date have not been material to the Company's financial statements. The Company estimates its liability for product returns based on historical return trends by product category and seasonality and an evaluation of current economic and market conditions and records the expected customer refund liability as a reduction to revenue, and the expected inventory right of recovery as a reduction of cost of revenue. If actual return costs differ from previous estimates, the amount of the liability and corresponding revenue are adjusted in the period in which such costs occur.

Some of the Company's contracts with customers contain multiple performance obligations. For customer contracts that include multiple performance obligations, the Company accounts for individual performance obligations if they are distinct. The transaction price is then allocated to each performance obligation based on its standalone selling price. The Company generally determines standalone selling price based on prices charged to customers.

Connected Fitness Products

Connected Fitness Products include the Company's Bike and Tread, related accessories, associated fees for delivery and installation, and extended warranty agreements. The Company recognizes Connected Fitness Product revenue net of sales returns and discounts when the product has been delivered to the customer. The Company generally allows customers to return products within thirty days of purchase, as stated in its return policy.

The Company records fees paid to third-party financing partners in connection with its consumer financing program as a reduction of revenue, as it considers such costs to be a customer sales incentive. The Company records payment processing fees for its credit card sales for Connected Fitness Products within selling and marketing expenses.

Subscription

The Company's subscriptions provide unlimited access to content in its library of live and on-demand fitness classes. The Company's subscriptions are offered on a month-to-month basis.

Historically, the Company offered a prepaid subscription option where Subscribers earned one free month or three free months of subscription with the purchase of a 12-month subscription or 24-month subscription, respectively. The Company also offered Subscribers the ability to finance the prepaid subscription with the purchase of a Connected Fitness Product as part of its financing program. The associated financing fees were paid to the Company's third-party partner at the outset of the arrangement and are recorded as a reduction to subscription revenue. The Company terminated both programs in July 2018.

Amounts paid for subscription fees are included within customer deposits and deferred revenue and recognized ratably on a month-to-month basis.

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The Company generates a small portion of its revenue from the sale of studio credits to attend and participate in a live, instructor-led class at its New York City studios. Studio revenue is recognized at the time the credits are redeemed and used.

Product Warranty

The Company offers a standard product warranty that its Connected Fitness Products will operate under normal, non-commercial use for a period of one-year from the date of original delivery. The Company has the obligation, at its option, to either repair or replace the defective product. At the time revenue is recognized, an estimate of future warranty costs is recorded as a component of cost of revenue. Factors that affect the warranty obligation include historical as well as current product failure rates, service delivery costs incurred in correcting product failures, and warranty policies. The Company's products are manufactured by contract manufacturers, and in certain cases, the Company may have recourse to such contract manufacturers.

The Company also offers the option for customers in some markets to purchase a third-party extended warranty and service contract that extends or enhances the technical support, parts, and labor coverage offered as part of the base warranty included with the Connected Fitness Product for an additional period of 12 to 27 months.

Revenue and related fees paid to the third-party provider are recognized on a gross basis as the Company has a continuing obligation to perform over the service period. Extended warranty revenue is recognized ratably over the extended warranty coverage period and is included in Connected Fitness Products revenue in the consolidated statement of operations.

Disaggregation of Revenue

The Company's revenue from contracts with customers disaggregated by major product lines, excluding sales-based taxes, are included in Note 17, Segment Information.

The Company's revenue disaggregated by geographic region, based on ship-to address, were as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
North America (1)	$ 218.6	$ 435.0	$ 897.9
United Kingdom	—	—	17.1
Total revenue	$ 218.6	$ 435.0	$ 915.0

(1) Consists of United States and Canada

Customer Deposits and Deferred Revenue

Deferred revenue is recorded for nonrefundable cash payments received for the Company's performance obligation to transfer, or stand ready to transfer, goods or services in the future. Deferred revenue consists of subscription fees billed that have not been recognized. Customer deposits represent payments received in advance before the Company transfers a good or service to the customer and are refundable.

As of June 30, 2018 and June 30, 2019, customer deposits of $85.6 million and $81.3 million, and deferred revenue of $2.9 million and $9.5 million, respectively, were included in customer deposits and deferred revenue on the Company's consolidated balance sheet.

In the fiscal years ended June 30, 2018 and 2019, the Company recognized $1.3 million and $2.9 million, respectively, of revenue that was included in the deferred revenue balance at the beginning of each period.

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Exemptions and Elections

The Company applies the practical expedient as per ASC 606-10-50-14 and does not disclose information related to remaining performance obligations due to their original expected durations being one year or less.

The Company expenses sales commissions on its Connected Fitness Products when incurred because the amortization period would have been less than one year. These costs are recorded in selling and marketing expense.

4. Investments in Marketable Securities

The following table summarizes the Company's investments in marketable securities:

	June 30, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in millions)			
Commercial paper	$ 97.6	$ —	$ —	$ 97.6
Corporate Bonds	61.9	0.1	—	62.0
Certificates of deposit	34.8	—	—	34.8
U.S treasury securities	29.7	0.1	—	29.8
Total marketable securities (1)	$ 224.1	$ 0.2	$ —	$224.3

(1) Includes $8.3 million included within cash and cash equivalents.

The Company had no material reclassification adjustments out of accumulated other comprehensive loss into net loss in any of the periods presented, and the contractual maturity of all marketable securities was less than one year.

5. Fair Value Measurements

The following table summarizes the Company's assets that are measured at fair value on a recurring basis, by level, within the fair value hierarchy:

	As of June 30, 2019			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Cash equivalents (1):				
Commercial paper	$ 8.3	$ —	$ —	$ 8.3
Marketable Securities:				
Commercial paper	89.3	—	—	89.3
Corporate bonds	62.0	—	—	62.0
Certificates of deposit	34.8	—	—	34.8
U.S. treasury securities	29.8	—	—	29.8
Other:				
Cost-method investments	—	—	0.6	0.6
Total assets	$ 224.3	$ —	$ 0.6	$224.9

(1) Included in cash and cash equivalents.

Cash equivalents are highly liquid investments with maturities of three months or less when purchased. These investments are carried at cost, which approximates fair value. All investments classified as available-for-sale are recorded at fair value within marketable securities in the consolidated balance sheets. The Company's investments classified as Level 1 are based on quoted prices that are available in active markets.

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6. Acquisition

Neurotic Media Acquisition

On June 6, 2018, the Company acquired Neurotic Media, LLC ("Neurotic"), a Georgia limited liability company, for a purchase price of approximately $28.8 million net of cash acquired, which was paid in cash. Upon completion of the merger agreement, Neurotic became a wholly owned subsidiary of the Company. The Company acquired Neurotic primarily to automate and streamline content rights management on its platform, and to enhance Member engagement through new music features. The acquisition was accounted for under the acquisition method. Of the total purchase consideration, $4.3 million has been recorded to goodwill, $24.8 million to acquired developed technology, and $0.1 million to tangible net assets. Included within the purchase price and goodwill is $0.1 million in working capital adjustments identified during the measurement period subsequent to the acquisition.

The goodwill of $4.3 million represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including an experienced workforce and expected future synergies. The Company allocated the goodwill to its Subscription reporting segment.

The results of operations for the acquisition have been included in the consolidated statements of operations since the acquisition date. Actual and pro forma revenue and results of operations for the acquisition have not been presented because they do not have a material impact to the Company's consolidated revenue and results of operations, either individually or in aggregate.

7. Property and Equipment

Property and equipment consisted of the following:

	June 30,	
	2018	2019
	(in millions)	
Leasehold improvements	$ 24.6	$ 47.6
Machinery and equipment	5.1	11.7
Capitalized software	5.8	16.0
Furniture and fixtures	3.8	7.5
Property	2.2	2.3
Construction-in-progress	3.1	40.1
Building - build-to-suit asset	—	147.1
Pre-production tooling	1.0	3.3
	45.6	275.4
Accumulated depreciation and amortization expense	(9.5)	(25.6)
Total property and equipment, net	$ 36.2	$ 249.7

The estimated useful lives of the property and equipment are as follows:

	Estimated Useful Life
Leasehold improvements	Shorter of remaining lease term or useful life
Machinery and equipment	Two to ten years
Capitalized software	Three years
Furniture and fixtures	Three to five years
Property	20 years
Pre-production tooling	Two to five years

In November 2018, the Company entered into a lease agreement for office space for its new corporate headquarters. As a result of the Company's involvement during the construction period, whereby the Company had certain indemnification obligations related to the construction, the Company is considered, for accounting purposes only, the owner of the construction project under build-to-suit lease accounting. Accordingly, the Company recorded the estimated fair value of the leased space as an asset, noted in the table above as "Building-build-to-suit asset." The Company also recorded a corresponding long-term lease liability. Refer to Note 11, Commitments and Contingencies for further details.

Depreciation and amortization expense amounted to $3.7 million, $6.3 million, and $16.7 million for the fiscal years ended June 30, 2017, 2018, and 2019, respectively, of which zero, $1.2 million, and $3.3 million related to amortization of capitalized software costs for the fiscal years ended June 30, 2017, 2018, and 2019.

8. Goodwill and Intangible Assets

The changes in the carrying value of goodwill are as follows:

	June 30,	
	2018	2019
	(in millions)	
Goodwill, opening balance	$ —	$ 4.2
Acquisition	4.2	0.1
Goodwill, closing balance	$ 4.2	$ 4.3

The gross carrying amount and accumulated amortization of the Company's intangible assets, net, as of June 30, 2018, were as follows:

	Gross Value	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Useful Life (years)
	(in millions, except years)			
Acquired developed technology	$ 24.8	$ 0.3	$ 24.5	5.0

The gross carrying amount and accumulated amortization of the Company's intangible assets, net, as of June 30, 2019, were as follows:

	Gross Value	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Useful Life (years)
	(in millions, except years)			
Acquired developed technology	$ 24.8	$ 5.3	$ 19.5	4.0

The Company recognized intangible asset amortization in the consolidated statements of operations of zero, $0.3 million, and $5.0 million for the fiscal years ended June 30, 2017, 2018, and 2019, respectively.

As of June 30, 2019, estimated amortization related to the Company's identifiable acquisition-related intangible assets in future periods was as follows:

Fiscal Year Ending June 30,	Amount
	(in millions)
2020	$ 5.0
2021	5.0
2022	5.0
2023	4.5
Thereafter	—
Total	$ 19.5

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9. Accrued Expenses

Accrued expenses consisted of the following:

	June 30, 2018	June 30, 2019
	(in millions)	
Accrued marketing	$ 5.9	$ 19.3
Content costs for past use reserve	18.6	18.9
Other	26.8	66.3
Total accrued expenses	$ 51.4	$ 104.5

10. Debt and Financing Arrangements

2015 Debt Financing Facility

In June 2015, the Company entered into a $3.0 million senior secured term loan facility (as amended from time to time, the "Term Loan Agreement") with Silicon Valley Bank ("SVB"), maturing on June 1, 2019. The term loan was repayable in 36 scheduled installments commencing on July 1, 2016. Principal outstanding under the Term Loan Agreement accrued interest, payable monthly, at a floating rate per annum equal to the prime rate plus 1.50%.

In June 2015, the Company entered into a three-year, $32.0 million secured revolving credit facility with SVB (as amended from time to time, the "2015 Credit Agreement"). The amount that could be borrowed under the 2015 Credit Agreement was based upon a borrowing base formula with respect to the Company's trailing three-month revenue and outstanding liability balances. Borrowed funds accrued interest at a floating rate per annum equal to the prime rate plus 0.25%. Amounts owed under the Term Loan Agreement and 2015 Credit Agreement (collectively, the "SVB Debt Facility") were guaranteed by the Company. The Company also granted security interests in substantially all of its assets to collateralize these obligations.

The Company had the option to repay its borrowings under the SVB Debt Facility without penalty prior to maturity. As of June 30, 2017, there was $2.0 million of principal outstanding under the Term Loan Agreement of the SVB Debt Facility. In November 2017, the Company terminated the SVB Debt Facility and repaid the remaining $1.6 million principal outstanding under the Term Loan Agreement as of that date. The Company recognized a loss of approximately $0.1 million in November 2017 related to the write-off of the unamortized balance of loan fees on the SVB Debt Facility.

2018 Revolving Credit Facility

In November 2017, the Company entered into a four-year, $100.0 million secured revolving credit facility (the "2018 Credit Agreement") with JPMorgan Chase Bank, N.A., which serves as administrative agent, Bank of America, N.A., Goldman Sachs Lending Partners LLC, and SVB, as joint syndication agents, which replaced the SVB Credit Facility. Interest on the 2018 Credit Agreement was paid based on LIBOR plus a predetermined margin or base rate. The Company was required to pay a commitment fee of 0.375% based on the unused portion of the revolving credit facility.

In connection with the execution of the 2018 Credit Agreement, the Company incurred debt issuance costs of $1.2 million during the fiscal year ended June 30, 2018, which are capitalized and were being amortized to interest expense using the effective interest method over the term of the 2018 Credit Agreement.

Amended and Restated Credit Agreement

In June 2019, the Company entered into an amended and restated revolving credit agreement ("Amended Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, lead arranger and bookrunner and Bank of America, N.A., Barclays Bank PLC, Goldman Sachs Lending Partners LLC and SVB, as joint syndication agents, which amended and restated the 2018 Credit Agreement. The Amended Credit Agreement provides for a $250.0 million secured revolving credit facility, including up to the lesser of $150.0 million and the aggregate unused amount of the facility for the issuance of

letters of credit. Interest on the Amended Credit Agreement is paid based on LIBOR plus 2.75% or an Alternative Base Rate plus 1.75%. The Company is required to pay an annual commitment fee of 0.375% on a quarterly basis based on the unused portion of the revolving credit facility.

The Company incurred total commitment fees of $0.2 million and $0.3 million during the fiscal years ended June 30, 2018 and 2019, respectively, which are included in interest expense in the statements of operations.

The principal amount, if any, is payable in full in June 2024. As of June 30, 2019, the Company had not drawn on the credit facility and did not have outstanding borrowings under the Amended Credit Agreement.

In connection with the execution of the Amended Credit Agreement, the Company incurred debt issuance costs of $0.9 million during the fiscal year ended June 30, 2019, which are being capitalized and are being amortized to interest expense using the effective interest method over the term of the Amended Credit Agreement. The remaining unamortized deferred financing fees of $0.7 million related to the 2018 Credit Agreement were deferred and are being amortized to interest expense using the effective interest method over the term of the Amended Credit Agreement.

The Company has the option to repay its borrowings under the Amended Credit Agreement without premium or penalty prior to maturity. The Amended Credit Agreement contains customary affirmative covenants, such as financial statement reporting requirements and delivery of borrowing base certificates, as well as customary covenants that restrict its ability to, among other things, incur additional indebtedness, sell certain assets, guarantee obligations of third parties, declare cash dividends in the entirety or make certain other distributions, and undergo a merger or consolidation or certain other transactions. The Amended Credit Agreement also contains certain financial condition covenants, including maintaining a total level of liquidity of not less than $125.0 million and maintaining certain minimum total revenue ranging from $725.0 million to $1,985.0 million depending on the applicable date of determination. As of June 30, 2019, the Company was in compliance with the covenants under the Amended Credit Agreement. At June 30, 2019, the Company was contingently liable for approximately $40.1 million in standby letters of credit as security for its operating lease and inventory purchasing obligations.

11. Commitments and Contingencies

Lease Obligations

The Company leases facilities under operating leases with various expiration dates through 2039. The Company's corporate headquarters is located in New York, New York. The Company also leases space for the operation of its production studio facilities, retail showrooms, microstores, warehouses, and office spaces.

Certain of the Company's lease agreements contain renewal options, rent escalation clauses, rent holidays or landlord incentives. Landlord incentives are capitalized within deferred rent and amortized as a reduction of rent expense over the term of the lease. Rent expense for non-cancellable operating leases with scheduled rent increases or landlord incentives is recognized on a straight-line basis over the lease term, including any applicable rent holidays, beginning on the date of initial possession, which is generally the date when the Company enters the space and begins to make improvements in preparation for intended use. The excess of straight-line rent expense over the scheduled payment amounts and landlord incentives is recorded as a deferred rent obligation. The Company has the option to extend or renew most of its leases, which may increase the future minimum lease commitments. The Company's lease agreements for its retail showrooms generally provide for a fixed minimum rental plus contingent rent, which is determined as a percentage of gross sales in excess of specified levels.

Rent expense under existing operating lease agreements was $8.0 million, $15.1 million, and $35.8 million for the fiscal years ended June 30, 2017, 2018, and 2019, respectively.

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The following represents the Company's minimum annual rental payments under operating leases for each of the next five years and thereafter:

Fiscal Year Ending June 30,	Future Minimum Payments (in millions)
2020	$ 33.0
2021	46.3
2022	52.8
2023	55.1
2024	52.3
Thereafter	545.4
Total	$ 784.9

In November 2015, the Company entered into a 10-year operating lease agreement for its current headquarters office space at 125 West 25th Street, New York, New York (the "25th Street Lease"). The 25th Street Lease commenced in November 2016, upon the date the Company took possession of the leased space, although cash payments for rental obligations under the lease did not begin until May 2017.

In December 2017, the Company entered into a 21-year operating lease agreement for a New York office and retail space at 5 Manhattan West (the "5 Manhattan West Lease"). The 5 Manhattan West Lease commenced in October 2018, upon the date the Company took possession of the leased space and the Company is committed to $99.5 million in minimum fixed payments over the term of the lease although cash payments for rental obligations under the lease do not begin until October 2019. The 5 Manhattan West Lease contains a renewal option for two additional five-year periods. The 5 Manhattan West Lease includes a tenant improvement allowance in the future amounting to $3.0 million. This allowance will be reflected as a reduction in rent expense over the life of the lease on a straight-line basis in the consolidated statements of operations and as a leasehold improvement and other liability in the consolidated balance sheets.

In November 2018, the Company entered into a 16-year operating lease agreement for space to be used as its new corporate headquarters. The lease is expected to commence in August 2019, upon the date the Company takes possession of the leased space and commits the Company to $503.0 million in minimum fixed payments over the term of the lease. The lease contains a renewal option for an additional 10-year period and includes a tenant improvement allowance amounting to $28.0 million. As a result of the Company's involvement during the construction period, whereby it has certain indemnification obligations related to the construction, the Company is considered, for accounting purposes only, the owner of the construction project under build-to-suit lease accounting.

Commitments

The Company is subject to minimum guarantee royalty payments associated under certain music license agreements.

The following represents the Company's minimum annual guarantee payments under license agreements for each of the next five years and thereafter:

Fiscal Year Ending June 30,	Future Minimum Payments (in millions)
2020	$ 13.3
2021	18.4
2022	10.3
Total	$ 42.0

Sales and Use Taxes

The Company has recorded an estimate of $5.7 million and $4.1 million as of June 30, 2018 and 2019, respectively, for the potential sales tax liability associated with its subscription fees, which is included in accrued expenses in the accompanying consolidated balance sheets. The Company continues to analyze possible sales tax exposure but does not currently believe that any individual claim or aggregate claims that might arise will ultimately have a material effect on its results of operations, financial position or cash flows.

Content Costs for Past Use Reserve

To secure the rights to stream music on the Peloton platform, the Company must obtain licenses from, and pay royalties to, copyright owners of both sound recordings and musical compositions. During the fiscal years ended June 30, 2017, 2018, and 2019, the Company has entered into negotiations with various music rights holders, to pay for any and all uses of musical compositions and sound recordings to-date and, at the same time, enter into go-forward license agreements for the use of music in the future.

Prior to the execution of go-forward music license agreements, the Company estimates and records expenses inclusive of estimated content costs for past use (refer to Note 2—Summary of Significant Accounting Policies—Music Royalty Fees) as well as normal and recurring music royalty expenses. The Company recorded content costs for past use of $15.5 million, $14.5 million, and $16.4 million during the fiscal years ended June 30, 2017, 2018, and 2019, respectively. In addition, the Company recorded estimates for normal and recurring royalty expense of $0.4 million, $1.0 million, and $2.8 million during the fiscal years ended June 30, 2017, 2018, and 2019, respectively. The Company includes both of these components in its reserve. As of 2018, and 2019, the Company has recorded reserves of $18.6 million and $18.9 million, respectively, included in accrued expenses in the accompanying consolidated balance sheets.

Legal Proceedings

On March 19, 2019, Downtown Music Publishing LLC, ole Media Management, L.P., Big Deal Music, LLC, CYPMP, LLC, Peer International Corporation, PSO Limited, Peermusic Ltd., Peermusic III, Ltd., Peertunes, Ltd., Songs of Peer Ltd., Reservoir Media Management, Inc., The Richmond Organization, Inc., Round Hill Music LLC, The Royalty Network, Inc., and Ultra International Music Publishing, LLC filed a lawsuit against the Company in the U.S. District Court for the Southern District of New York, captioned Downtown Music Publ'g LLC, et. al v. Peloton Interactive, Inc., alleging that the Company engaged in copyright infringement by using certain accused songs in streaming and recorded fitness classes without necessary licenses. The plaintiffs allege that they are music publishers that own or control the copyrights in numerous musical works that were synchronized by the Company without the plaintiffs' authorization. The complaint asserts a single claim for copyright infringement. It seeks injunctive relief, up to $150 million in damages, and attorneys' fees and costs. The Company intends to vigorously defend the claim.

On April 30, 2019, the Company answered the complaint and filed counterclaims against the original named plaintiffs and National Music Publishers' Association, Inc., a trade association, alleging that they coordinated to collectively negotiate licenses in violation of the antitrust laws. The counterclaims also assert that the trade association tortuously interfered with the Company's attempts to engage in direct negotiations with music publishers in violation of state law. The counterclaims seek injunctive relief, monetary damages (to be trebled under applicable statute), and attorneys' fees and costs. An initial pretrial conference was held on May 9, 2019 and discovery has commenced. An amended complaint filed on May 31, 2019 named additional plaintiffs Greensleeves Publishing Ltd., Me Gusta Music, LLC, Raleigh Music Publishing LLC, STB Music, Inc., and TuneCore, Inc. and identified additional musical works. The Company answered the amended complaint on June 14, 2019. On June 24, 2019, counter-defendants filed a motion to dismiss the counterclaims, to which the Company filed an opposition on August 8, 2019. Discovery on the claims and counterclaims is ongoing in the case.

While the Company cannot predict what the ultimate result of any judgment against, or settlement by, the Company, will be in this matter, based on application of ASC 450, "Contingencies", at June 30, 2019, the Company has accrued its best estimate within a range of reasonably possible outcomes ranging from $4.0 million to $11.0 million, which is included in

accrued expenses in the accompanying consolidated balance sheets. Amounts accrued for this matter at June 30, 2019 are not considered material to the Company's financial position and the Company continues to vigorously defend its position in the aforementioned outstanding matter and assess its legal position.

In addition to the above, from time to time, the Company is subject to litigation matters and claims that arise in the ordinary course of its business. The Company believes that the outcome of any existing litigation, either individually or in the aggregate, will not have a material impact on the results of operations, financial condition, or cash flows of the Company.

12. Redeemable Convertible Preferred Stock and Stockholders' Equity

Stock Split

In August 2018, the Company effected a 4-for-1 stock split on its shares of common stock. Unless otherwise noted, impacted amounts and share information included in the financial statements and notes thereto have been retroactively adjusted for the stock split as if such stock split occurred on the first day of the first period presented.

Common Stock

In connection with the conversion to a corporation in April 2015, the Company authorized common stock with a par value of $0.000025 per share. As of June 30, 2018 and 2019, there were 266,946,216 and 400,000,000 shares of common stock authorized, respectively, and 25,936,848 and 25,301,604 shares of common stock outstanding, respectively.

Warrant Transactions

In June 2015, the Company issued 240,000 common stock warrants in connection with the Term Loan Agreement with SVB (see Note 10). The warrants were initially recorded at their fair value calculated using the Black-Scholes model, with the following weighted-average assumptions: exercise price of $0.19 per share, price of $0.19 per share, expected term of 10 years, risk-free rate of 2.35%, and volatility of 90%. The fair value of the warrants of $38,000 was recorded as deferred financing costs and such costs were amortized to interest expense using the effective interest method over the term of the loan. In connection with the termination of the SVB Debt Facility in November 2017, the Company recognized the remaining balance of unamortized deferred financing costs, including the amount related to the warrants, during the fiscal year ended June 30, 2018 (see Note 10).

Preferred Stock

As of June 30, 2019, the Company's fifth amended and restated certificate of incorporation authorized the issuance of up to 215,443,468 shares of Preferred Stock, designated as follows: 10,617,908 shares as Series A Preferred Stock, 25,799,744 as Series B Preferred Stock, 48,246,732 as Series C Preferred Stock, 31,635,604 as Series D Preferred Stock, and 60,013,480 as Series E Preferred Stock, and 39,130,000 as Series F Preferred Stock.

Series E Financing & Tender Offer

In March 2017, the Company filed its third amended and restated certificate of incorporation, which authorized the issuance of 60,013,480 shares Series E Preferred Stock with rights and preferences, including voting rights, as determined from time to time by the Board of Directors. In May 2017, the Company filed an amendment to the certificate of incorporation which decreased the authorized number of shares of common stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock, to a total of 266,946,216 shares, 27,169,432 shares, 49,375,076 shares, and 31,635,604 shares, respectively.

In March 2017, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which it sold and issued 40,624,492 shares of its newly created Series E Preferred Stock at a purchase price of approximately $5.42 per share (the "Series E Share Price") in an initial closing. Between April 1, 2017 and May 31, 2017, the

Company sold and issued an additional 19,388,988 shares of Series E Preferred Stock in a series of subsequent closings (combined, the "Series E Financing"). The aggregate gross proceeds from the Series E Financing were approximately $325.0 million. The Company incurred issuance costs of $9.4 million during the fiscal year ended June 30, 2017 in connection with the Series E Financing, which are recorded as a reduction of the Series E Preferred Stock share balance.

In connection with closing of the Series E Financing, the Company used approximately $175.0 million of the proceeds from the Series E Financing to repurchase outstanding shares of its common stock and Series A, Series B, Series C, and Series D Preferred Stock from certain existing stockholders at the Series E Share Price. The repurchase occurred through a series of share repurchase transactions in conjunction with the initial and subsequent closings of the Series E Financing, in addition to a tender offer made by the Company following the closing of the Series E Financing (the "2017 Tender Offer"). The 2017 Tender Offer was made to certain existing equity holders of the Company to repurchase shares of the Company's capital stock and options to purchase such shares of capital stock from such equity holders at a gross repurchase price equal to the Series E Share Price. The aggregate gross repurchase amounts under the Series E Financing closings and the 2017 Tender Offer were $122.7 million and $52.3 million, respectively. In connection therewith, the Company repurchased 9,717,464 shares of common stock, 2,381,576 shares of Series A Preferred Stock, 1,504,660 shares of Series B Preferred Stock, 5,290,300 shares of Series C Preferred Stock, and 13,420,940 shares of Series D Preferred Stock each at the Series E Share Price. The repurchased shares were retired and considered authorized, but not issued or outstanding, pursuant to the Company's third amended and restated certificate of incorporation. The repurchase price of the redeemable convertible preferred stock, including closing costs, of $118.7 million exceeded the carrying value of $26.4 million at the date of repurchase. For the computation of net loss per share attributable to common stockholders for the fiscal year ended June 30, 2017, the repurchase price in excess of the then carrying value of the Preferred Stock of $92.3 million was recorded as a reduction to net loss in computing net loss attributable to common stockholders.

In accordance with ASC 718, *Stock Compensation,* the Company recorded stock-based compensation expense of $8.3 million in the fiscal year ended June 30, 2017, which represents the excess of the tender offer repurchase price over the fair value of the shares repurchased which were held by employees and is included within general and administrative operating expenses in the consolidated statements of operations. For shares sold by stockholders who were not employees, the Company recorded the excess of the tender offer repurchase price over the fair value of the shares repurchased as a reduction to retained earnings. The Company recorded a reduction in redeemable convertible preferred stock and stockholders' equity, net of closing costs, of $161.6 million during the fiscal year ended June 30, 2017 for the share repurchase transaction.

In connection with the share repurchase transactions, the Company incurred transaction costs of $4.4 million directly related to the share repurchase, which are recorded as a reduction in stockholders' equity as of June 30, 2017.

Series F Financing and Tender Offer

On August 29, 2018, the Company filed its fourth amended and restated certificate of incorporation, which authorized the issuance of 39,130,000 shares Series F Preferred Stock with rights and preferences, including voting rights, as determined from time to time by the Board of Directors.

In August 2018, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which it sold and issued 38,088,200 shares of its newly created Series F Preferred Stock ("the Series F Financing") at a purchase price of $14.44018 per share ("the Series F Share Price"). The aggregate gross proceeds from the Series F Financing were approximately $550.0 million. The Company incurred issuance costs of $10.9 million during the fiscal year ended June 30, 2019 in connection with the Series F Financing, which were recorded as a reduction of the Series F Preferred Stock share balance.

In connection with the closing of the Series F Financing, the Company used approximately $130.0 million of the proceeds from the Series F Financing to repurchase outstanding shares of its common stock and Series A, Series B, Series C, and Series E Preferred Stock from certain existing stockholders at the Series F Share Price. The repurchase occurred through a tender offer made by the Company following the closing of the Series F Financing (the "2018 Tender Offer"). The 2018

Tender Offer was made to certain existing equity holders of the Company to repurchase shares of the Company's capital stock and options to purchase such shares of capital stock from such equity holders at a gross repurchase price equal to the Series F Share Price. In connection therewith, the Company repurchased 5,503,479 shares of common stock, 1,091,444 shares of Series A Preferred Stock, 1,100,257 shares of Series B Preferred Stock, 998,368 shares of Series C Preferred Stock, and 570,970 shares of Series E Preferred Stock each at the Series F Share Price. The repurchased shares were retired and considered authorized, but not issued or outstanding, pursuant to the Company's fourth amended and restated certificate of incorporation. The repurchase price of the redeemable convertible preferred stock, including closing costs, of $54.4 million exceeded the carrying value of $4.3 million at the date of repurchase. For the computation of net loss per share attributable to common stockholders for the fiscal year ended June 30, 2019, the repurchase price in excess of the then carrying value of the Preferred Stock of $50.1 million was recorded as a reduction to net loss in computing net loss attributable to common stockholders.

In accordance with ASC 718, *Stock Compensation,* the Company recorded stock-based compensation expense of $28.2 million in the fiscal year ended June 30, 2019, which represents the excess of the tender offer repurchase price over the fair value of the shares repurchased which were held by employees and is included within operating expenses in the statements of operations. For shares sold by stockholders who were not employees, the Company recorded the excess of the tender offer repurchase price over the fair value of the shares repurchased as a reduction to retained earnings. The Company recorded a reduction in redeemable convertible preferred stock and stockholders' equity, on a gross basis, of $104.8 million during the fiscal year ended June 30, 2019 for the share repurchase transaction.

In connection with the share repurchase transactions, the Company incurred transaction costs of $2.7 million directly related to the share repurchase, which are recorded as a reduction in stockholders' deficit as of June 30, 2019.

Pursuant to ASC 718-10-25-15, the Company reflects the substantive terms of its employee share-based payments in accounting for the arrangements. With the 2018 Tender Offer, the Company believes that it has established a pattern of cash settlement of immature shares and stock options only during a very discrete set of circumstances in which the Company opens a tender offer in conjunction with preferred stock financing. As such, during the 2018 Tender Offer period, the Company recorded a liability equal to the fair value of the maximum number of options representing immature shares that could have been redeemed in the tender offer. To the extent that this liability exceeded amounts previously recognized in equity, the excess was recognized as additional stock-based compensation expense. Following the closing of the 2018 Tender Offer, the remaining liability after the repurchase of tendered shares was reclassified to stockholders' equity. The Company recorded stock-based compensation expense of $33.5 million associated with this tender offer.

Dividends

The holders of shares of preferred stock, in preference to the holders of common stock, are entitled to receive dividends upon declaration by the Board of Directors. Such dividends are non-cumulative and are payable at a per annum rate of eight percent of the original share issue price. As of June 30, 2018 and 2019, no dividends have been declared or distributed to any stockholders.

Conversion

Each share of preferred stock is convertible, at any time, at its holder's discretion, into one fully paid and non-assessable share of common stock. The conversion rate shall be adjusted whenever the Company shall issue or sell, or is deemed to have issued or sold, any shares of common stock for a consideration per share less than the conversion price in effect immediately prior to the time of such issue or sale.

The Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock shall be automatically converted into common stock upon the consummation of a qualified initial public offering at a public offering price of not less than $30.0 million in the aggregate. The Series E Preferred Stock and Series F Preferred Stock shall be automatically converted into common stock upon the consummation of an initial public offering at a public offering price of not less than $75.0 million in the aggregate. In addition, at any time prior to consummation of an initial public offering,

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(1) all of the outstanding shares of Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock shall be automatically converted into common stock upon the affirmative election of holders of a majority of the outstanding shares of the Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock, voting together as a single class on an as-converted to common stock basis; (2) all of the outstanding shares of Series D Preferred Stock shall be automatically converted into common stock upon the affirmative election of holders of a majority of the outstanding shares of Series D Preferred Stock; (3) all of the outstanding shares of Series E Preferred Stock shall be automatically converted into common stock upon the affirmative election of holders of a majority of the outstanding shares of Series E Preferred Stock; and (4) all of the outstanding shares of Series F Preferred Stock shall be automatically converted into common stock upon the affirmative election of holders of at least 55% of the outstanding shares of Series F Preferred Stock. Upon any such automatic conversion, any declared and unpaid dividends shall be paid.

Liquidation Preferences

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, and Series F Preferred Stock, in preference to the holders of Series A Preferred Stock and common stock, shall be entitled to be paid out of the assets of the Company that are legally available for distribution, an amount equal to the applicable original issue price per share, for each share of Preferred Stock held by them, plus all declared but unpaid dividends on such shares. In the event that the assets available for distribution are not sufficient to pay the full preferential amounts, the assets will be distributed pro rata among the holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, and Series F Preferred Stock, in proportion to the full preferential amount that each such holder would otherwise be entitled to receive. The aggregate preferential amount for Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and Series E Preferred Stock, and Series F Preferred Stock was $413.6 million and $959.5 million as of June 30, 2018 and 2019, respectively.

After payment of the full liquidation preference of the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, and Series F Preferred Stock, before any distribution or payment shall be made to the holders of common stock, the holders of Series A Preferred Stock shall be entitled to be paid out of the remaining assets of the Company legally available for distribution, if any, in an amount equal to the applicable original issue price per share, for each share of Preferred Stock held by them, plus all declared and unpaid dividends on the Series A Preferred Stock. In the event that the assets available for distribution are not sufficient to pay the full such preferential amount, the available assets shall be distributed pro rata among the holders of Series A Preferred Stock in proportion to the full preferential amount that each such holder would otherwise be entitled to receive. The aggregate preferential amount for the Series A Preferred Stock was $2.7 million and $2.4 million as of June 30, 2018 and 2019.

After payment of the liquidation preferences to the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and Series E Preferred Stock, and Series F Preferred Stock, the entire remaining assets and funds of the Company legally available for distribution, if any, shall be distributed ratably to the holders of common stock.

Voting

The holder of each share of preferred stock is entitled to one vote for each share of common stock into which such preferred stock is convertible at the time of the vote. With respect to such vote, such holder has full voting rights and powers equal to the voting rights of the holders of common stock.

For so long as any shares of preferred stock remain outstanding, the vote or written consent of the holders of a majority of the outstanding preferred stock shall be required for effecting or validating certain actions, including: (1) consummation of a liquidation event or any other merger or consolidation; (2) any amendment, alteration, or repeal of the certificate of incorporation or the bylaws of the Company; (3) any increase or decrease in the authorized number of shares of common stock or preferred stock or any series thereof; (4) any authorization or designation, whether by reclassification or otherwise, of a new class or series of stock that is not junior to the existing series of preferred stock with respect to dividends,

liquidation or redemption; (5) any redemption, repurchase, payment or declaration of dividends or other distributions with respect to common stock and preferred stock, other than certain permitted transactions; (6) any change in the authorized number of members of the Company's Board of Directors; (7) payment or declaration of any dividend on any shares of capital stock of the Company; and (8) any transactions resulting in a creation or reduction of the Company's ownership interest in any subsidiary, other than an asset transfer or acquisition that has been approved in accordance with the Company's certificate of incorporation.

The Company classifies preferred stock in accordance with ASC 480, *Distinguishing Liabilities from Equity*, which requires that contingently redeemable securities be classified outside of permanent stockholders' equity.

Accordingly, the Company has classified all shares and classes of preferred stock as mezzanine equity in the accompanying financial statements as of June 30, 2018 and 2019.

Convertible redeemable preferred stock consisted of the following as of June 30, 2018:

Redeemable Convertible Preferred Stock:	Shares Authorized	Shares Outstanding	Price per Share	Net Carrying Value	Liquidation Preference
				(in millions)	
Series A	14,000,000	10,617,908	$ 0.25000	$ 2.7	$ 2.7
Series B	27,169,432	25,799,744	0.35528	9.2	9.2
Series C	49,375,076	48,246,732	0.55428	26.5	26.7
Series D	31,635,604	31,635,604	1.66458	52.3	52.7
Series E	60,013,480	60,013,480	5.41545	315.6	325.0
Total redeemable convertible preferred stock	182,193,592	176,313,468		$ 406.3	$ 416.3

Convertible redeemable preferred stock consisted of the following as of June 30, 2019:

Redeemable Convertible Preferred Stock:	Shares Authorized	Shares Outstanding	Price per Share	Net Carrying Value	Liquidation Preference
				(in millions)	
Series A	10,617,908	9,526,464	$ 0.25000	$ 2.4	$ 2.4
Series B	25,799,744	24,699,487	0.35528	8.8	8.8
Series C	48,246,732	47,248,364	0.55427	26.0	26.2
Series D	31,635,604	31,635,604	1.66458	52.3	52.7
Series E	60,013,480	59,442,510	5.41545	312.5	321.9
Series F	39,130,000	38,088,200	14.44018	539.1	550.0
Total redeemable convertible preferred stock	215,443,468	210,640,629		$ 941.1	$ 961.9

13. Equity-Based Compensation

2015 Stock Plan

In April 2015, the Board of Directors approved the establishment of the 2015 Stock Plan ("2015 Plan") to provide stock award grants to employees, directors, and consultants of the Company. The Board of Directors, or at its sole discretion, a committee of the Board of Directors, is responsible for the administration of the 2015 Plan. As of June 30, 2019, the Board of Directors has authorized the issuance of up to 85,725,084 shares of common stock for stock award grants, including incentive and non-statutory stock options.

The 2015 Plan requires that the per share exercise price of each stock option shall not be less than 100% of the fair market value of the common stock subject to the stock option on the grant date. Stock option grants shall not be exercisable after the expiration of 10 years from the date of its grant or such shorter period as specified in a stock award agreement. For

initial grants, vesting generally occurs over four years with the first 25% of the award vesting upon the 12-month anniversary of the vesting commencement date and the remaining 75% vesting monthly over the following 36 months. The 2015 Plan provides that the Board of Directors may, in its sole discretion, impose such limitations on transferability of stock options as the Board of Directors shall determine. In the absence of a determination by the Board of Directors to the contrary, stock options shall not be transferable except by will or by the laws of descent and distribution and domestic relations orders, unless specifically agreed to by the plan administrator.

The 2015 Plan allows for the early exercise of stock options. Shares purchased pursuant to the early exercise of stock options are subject to repurchase until those shares vest; therefore, cash received in exchange for unvested shares exercised is recorded as a liability on the accompanying consolidated balance sheets, and are reclassified to common stock and additional paid-in capital as the shares vest.

During the fiscal year ended June 30, 2017, the Company granted options to purchase 4,274,000 shares under the 2015 Plan, consisting of 1,805,552 shares subject to incentive stock options and 2,468,448 shares subject to non-statutory stock options. During the fiscal year ended June 30, 2018, the Company granted options to purchase 23,847,756 shares under the 2015 Plan, consisting of 5,268,903 shares subject to incentive stock options and 18,578,853 shares subject to non-statutory stock options. During the fiscal year ended June 30, 2019, the Company granted options to purchase 32,108,062 shares under the 2015 Plan, consisting of 5,594,291 shares subject to incentive stock options and 26,513,771 subject to non-statutory stock options.

The following summary sets forth the stock option activity under the 2015 Plan:

	Options Outstanding			
	Number of Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding — June 30, 2016	21,466,272	$ 0.65	9.4	$ 48.1
Granted	4,274,000	0.76		
Exercised	(1,893,000)	0.38		4.9
Cancelled	(1,497,100)	0.54		
Outstanding — June 30, 2017	22,350,172	0.70	8.5	48.9
Granted	23,847,756	3.08		
Exercised	(5,746,588)	1.29		11.5
Cancelled	(1,949,076)	0.96		
Outstanding — June 30, 2018	38,502,264	2.07	8.6	46.5
Granted	32,108,062	11.59		
Exercised	(4,205,766)	2.27		40.2
Cancelled	(1,802,436)	4.88		
Outstanding — June 30, 2019	64,602,124	6.71	8.6	972.0
Vested and Exercisable — June 30, 2019	17,070,931	2.41	7.5	330.2

The aggregate intrinsic value of options outstanding, vested and exercisable were calculated as the difference between the exercise price of the options and the estimated fair market value of the Company's common stock, as of June 30, 2017, 2018 and 2019.

As part of the 2015 Plan, the Company issued options to certain key management that vest upon the achievement of certain performance milestones. During the fiscal year ended June 30, 2019, the Company recorded stock-based compensation expense related to the performance based options of $0.8 million.

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For the fiscal years ended June 30, 2017, 2018, and 2019, the weighted-average grant date fair value per option was $0.53, $1.67, and $6.71, respectively. The fair value of each option was estimated at the grant date using the Black-Scholes method with the following assumptions:

	Fiscal Year Ended June 30,		
	2017	2018	2019
Weighted-average risk-free interest rate(1)	1.4%	2.4%	2.5%
Weighted-average expected term (in years)	6.3	6.3	6.3
Weighted-average expected volatility(2)	79.3%	55.2%	45.0%
Expected dividend yield	—	—	—

(1) Based on U.S. Treasury seven-year constant maturity interest rate whose term is consistent with the expected term of the option.
(2) Expected volatility is based on an analysis of comparable public company volatilities and adjusted for the Company's stage of development.

With respect to the 2015 Plan, the Company recognized stock compensation expense of $1.9 million, $8.5 million, and $28.5 million for the fiscal years ended June 30, 2017, 2018, and 2019, respectively. As of June 30, 2019, the Company had $217.2 million of unrecognized stock-based compensation expense that is expected to be recognized over a weighted-average period of 3.9 years.

14. Concentration of Credit Risk and Major Customers and Vendors

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. The Company's cash and cash equivalents are maintained with high-quality financial institutions, the compositions and maturities of which are regularly monitored by management.

For the fiscal years ended June 30, 2017, 2018, and 2019, there were no customers representing greater than 10% of the Company's total revenue.

The Company's top three vendors accounted for approximately 94% and 91% of total finished goods purchases for the fiscal years ended June 30, 2017 and 2018, respectively.

The Company's top four vendors accounted for approximately 91% of total finished goods purchases for the fiscal year ended June 30, 2019.

15. Income Taxes

The Company's provision for income taxes for the fiscal years ended June 30, 2017, 2018, and 2019 was zero, $0.1 million, and $0.1 million, respectively. The tax income provision consists of the Texas state franchise tax and international income taxes.

A reconciliation from the U.S. statutory federal income tax rate to the effective income tax rate is as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
Federal income tax rate	35.0%	28.1%	21.0%
Permanent differences	(0.2)	(1.0)	(4.2)
Return to provision	—	—	(0.4)
Effect of rates different than statutory	—	—	(0.3)
State and local income taxes, net of federal benefit	4.3	4.5	3.0
Franchise tax	—	(0.1)	—
Change in valuation allowance	(40.1)	3.7	(21.0)
Rate change	—	(39.3)	(0.4)
Federal credits	1.0	4.0	2.3
Effective income tax rate	—%	(0.1)%	—%

The primary differences from the U.S. statutory rate and the Company's effective tax rate for the fiscal year ended June 30, 2019 are due to the change in valuation allowance and permanent differences related to stock compensation. The primary differences from the U.S. statutory rate and the Company's effective tax rate for the fiscal year ended June 30, 2018 are due to the rate change on deferred tax assets as a result of the enactment of the Tax Cuts and Jobs Act ("Act"), partially offset by state and local taxes and federal tax credits. The primary differences from the U.S. statutory rate and the Company's effective tax rate for the fiscal year ended June 30, 2017 are due to the change in valuation allowance, partially offset by state and local taxes.

On December 22, 2017, the Act was signed into law making significant changes to the Internal Revenue Code of 1986, as amended ("Internal Revenue Code"). Changes include, but are not limited to, a federal corporate tax rate decrease from 35% to 21% for tax years beginning after December 31, 2017, a one-time transition tax on the mandatory deemed repatriation of foreign earnings, and numerous domestic and international-related provisions effective in 2018. The Company has estimated its provision for income taxes specifically related to the reduction of the federal corporate tax rate in accordance with the Act and guidance available as of the date of this filing and as a result has recorded $18.0 million of income tax expense, which was offset by a corresponding adjustment for the same amount to the Company's valuation allowance, for the fiscal year ended June 30, 2018.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. For the fiscal year ended June 30, 2018, the Company recorded $18.0 million of the income tax expense in connection with the re-measurement of certain deferred tax assets and liabilities. As of June 30, 2019, the Company has completed the accounting for all the impacts of the Act with no material changes to the provisional estimate recorded in the prior period.

As of June 30, 2018 and June 30, 2019, the Company's deferred tax assets were primarily the result of U.S. federal and state net operating losses ("NOLs"), deferred revenue, research and development tax credits, non-qualified stock options, and accrued litigation reserves. A valuation allowance was maintained on substantially all worldwide gross deferred tax asset balances as of June 30, 2018 and 2019. As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. The recognition of deferred tax assets was based on the evaluation of current and estimated future profitability of the operations, reversal of deferred tax liabilities and the likelihood of utilizing tax credit and/or loss carryforwards. As of June 30, 2018 and June 30, 2019, the Company continued to maintain that it is not more likely than not that its deferred taxes will be realized in the United States and United Kingdom due to management's expectation of continued tax losses for the foreseeable future.

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Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets (liabilities) are as follows:

	June 30,	
	2018	2019
	(in millions)	
Deferred tax assets:		
Net operating loss	$ 28.9	$ 34.4
Accruals and reserves	4.2	10.0
R&D credit	2.8	7.7
Accrued legal and professional fees	4.0	4.8
Non-qualified stock options	1.4	8.8
Deferred rent	1.3	2.9
Property and equipment	0.9	0.2
Intangible Amortization	—	0.9
Inventory capitalization	0.8	5.0
Deferred revenue	1.0	10.4
Tenant improvement allowance	—	2.9
Other	0.5	0.6
Total deferred tax assets	45.9	88.5
Valuation allowance	(45.9)	(86.9)
Deferred tax liabilities:		
Prepaid expenses	—	(1.4)
Total deferred tax liabilities	—	(1.4)
Deferred tax assets, net	$ —	$ 0.3

As of June 30, 2018 and 2019, the Company had federal NOLs of approximately $110.0 million and $112.6 million, respectively, of which $59.3 million will begin to expire in 2036 and the remainder will be carried forward indefinitely. The Company has undergone two ownership changes on November 30, 2015 and April 18, 2017 and its NOLs are subject to a Section 382 limitation. The total NOLs subject to a 382 limitation are $72,338 as of June 30, 2018 and June 30, 2019. The resulting Section 382 limitations are large enough to avail the Section 382 limited NOLs by June 30, 2022. As of June 30, 2018 and 2019, the Company had state NOLs of approximately $94.0 million and $95.8 million, respectively, which will begin to expire at various dates beginning in 2021 if not utilized. As of June 30, 2018 and 2019, the Company had foreign NOLs of zero and approximately $26.7 million, respectively, generated from its operations in the United Kingdom, which will be carried forward indefinitely. As of June 30, 2018 and 2019, the Company had $2.8 million and $7.7 million, respectively, of U.S. research and development credit carryovers that will begin to expire in 2036.

As of June 30, 2019, the Company did not have material undistributed foreign earnings. The Company has not recorded a deferred tax liability for foreign withholding or other foreign local tax on the undistributed earnings from the Company's international subsidiaries as such earnings are considered to be indefinitely reinvested.

The Company accounts for uncertainty in income taxes using a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by the taxing authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate audit settlement. As of June 30, 2018 and 2019, the Company has not recognized any uncertain tax positions.

The Company is subject to taxation in the United States, various state and local jurisdictions, Germany, Canada, and the United Kingdom. The tax years ended June 30, 2018, February 25, 2018, February 26, 2017 and February 29, 2016 remain subject to examination by tax authorities.

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16. Loss Per Share

The computation of loss per share is as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions, except share and per share amounts)		
Basic loss per share:			
Net loss	$ (71.1)	$ (47.9)	$ (195.6)
Less: Premium on repurchase of convertible preferred stock	(92.3)	—	(50.1)
Net loss attributable to common stockholders	$ (163.4)	$ (47.9)	$ (245.7)
Shares used in computation:			
Weighted-average common shares outstanding	27,379,789	21,934,228	22,911,764
Basic and diluted loss per share	$ (5.97)	$ (2.18)	$ (10.72)

The following potentially dilutive shares were not included in the calculation of diluted shares outstanding as the effect would have been anti-dilutive:

	Fiscal Year Ended June 30,		
	2017	2018	2019
Employee stock options	8,451,783	12,890,826	20,609,654
Warrants	196,264	224,903	234,527
Redeemable convertible preferred stock	134,633,504	176,313,468	210,640,629

Unaudited Pro Forma Net Loss Per Share

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders has been computed to give effect to the assumed automatic conversion of the redeemable convertible preferred stock into shares of common stock using the if converted method upon the completion of a qualifying IPO as though the conversion had occurred as of the beginning of the period, or original date of issuance if later.

The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the period indicated:

	Fiscal Year Ended June 30, 2019
	(unaudited) (in millions, except share and per share amounts)
Numerator:	
Pro forma net loss attributable to common stockholders, basic and diluted	$ (195.6)
Denominator:	
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	22,911,764
Pro forma adjustment to reflect assumed conversion of convertible preferred stock into common stock	210,640,629
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted	233,552,393
Pro forma net loss per share attributable to common stockholders, basic and diluted	$ (0.84)

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17. Segment Information

The Company applies ASC Topic 280, *Segment Reporting*, in determining reportable segments for its financial statement disclosure. The Company has three reportable segments: Connected Fitness Products, Subscription, and Other. Segment information is presented in the same manner that the Company's Chief Operating Decision Maker ("CODM") reviews the operating results in assessing performance and allocating resources. The CODM reviews revenue and gross profit for each of the reportable segments. Gross profit is defined as revenue less cost of revenue incurred by the segment. No operating segments have been aggregated to form the reportable segments. The Company does not allocate assets at the reportable segment level as these are managed on an entity wide group basis. As of June 30, 2019, the Company did not have material assets located outside of the United States.

The Connected Fitness Product segment derives revenue from sale of the Bike, Tread, and related accessories, and associated fees for delivery and installation and extended warranty agreements. The Subscription segment derives revenue from monthly Subscription fees as well as credits from live studio classes. The Other segment primarily consists of boutique and apparel sales. There are no internal revenue transactions between the Company's segments.

Key financial performance measures of the segments including revenue, cost of revenue, and gross profit are as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Connected Fitness Products:			
Revenue	$ 183.5	$ 348.6	$ 719.2
Cost of revenue	113.5	195.0	410.8
Gross profit	$ 70.0	$ 153.6	$ 308.4
Subscription:			
Revenue	$ 32.5	$ 80.3	$ 181.1
Cost of revenue	29.3	45.5	103.7
Gross profit	$ 3.2	$ 34.7	$ 77.4
Other:			
Revenue	$ 2.6	$ 6.2	$ 14.7
Cost of revenue	1.9	4.9	17.0
Gross profit	$ 0.8	$ 1.3	$ (2.3)
Consolidated:			
Revenue	$ 218.6	$ 435.0	$ 915.0
Cost of revenue	144.7	245.4	531.4
Gross profit	$ 73.9	$ 189.6	$ 383.6

Reconciliation of Gross Profit

Operating expenditures, interest (income) and other expense, and taxes are not allocated to individual segments as these are managed on an entity wide group basis. The reconciliation between reportable segment gross profit to consolidated loss before tax is as follows:

	Fiscal Year Ended June 30,		
	2017	2018	2019
	(in millions)		
Segment Gross Profit	$ 73.9	$ 189.6	$ 383.6
Research and development	(13.0)	(23.4)	(54.8)
Sales and marketing	(86.0)	(151.4)	(324.0)
General and administrative	(45.6)	(62.4)	(207.0)
Total other income (expense), net	(0.3)	(0.3)	6.7
Loss before provision for income taxes	$ (71.1)	$ (47.8)	$ (195.6)

18. Related Party Transactions

During June 2019, the Company's President, Mr. William Lynch, exercised non-qualified stock options resulting in a tax obligation of $4.4 million. The Company remitted the tax obligation on behalf of Mr. Lynch, which is included within prepaid and other current assets in the consolidated balance sheets. Mr. Lynch repaid the full amount to the Company on July 8, 2019.

19. Subsequent Events

The Company has evaluated subsequent events through the financial statement issuance date, August 20, 2019, pursuant to ASC 855-10 *Subsequent Events.*

20. Subsequent Events (Unaudited)

(a) On September 9, 2019, the Company implemented a dual class common stock structure where all existing shares of common stock converted to Class B common stock and the Company authorized a new class of Class A common stock. The Class A common stock is entitled to one vote per share and the Class B common stock is entitled to twenty votes per share. The Class A and Class B common stock have the same dividend and liquidation rights, and the Class B common stock converts to Class A common stock at any time at the option of the holder, or automatically upon the date that is the earliest of (i) the date specified by a vote of the holders of 66 2/3% of the then outstanding shares of Class B common stock, (ii) ten years from the closing date of an initial public offering, and (iii) the date that the total number of shares of Class B common stock outstanding cease to represent at least 1% of all outstanding shares of the Company's common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, except for certain transfers described in the Company's amended and restated certificate of incorporation. Upon the creation of the dual class common stock structure, the Company's preferred stock converts into Class B common stock on a one-for-one basis and all outstanding options and warrants to purchase common stock became options and warrants, respectively, to purchase an equivalent number of shares of Class B common stock.

(b) In August 2019, the Company's board of directors adopted the 2019 Equity Incentive Plan, or 2019 Plan, which was subsequently approved by the Company's stockholders in September 2019. The 2019 Plan will become effective on the date immediately prior to the effective date of the registration statement of which this prospectus forms a part. The Company has reserved 40,986,767 shares of the Company's Class A common stock to be issued under the 2019 Plan. Any reserved shares not issued or subject to outstanding grants under the Company's 2015 Stock Plan on the effective date of the 2019 Plan will become available for grant under the 2019 Plan and will be issued as Class A common stock. The number of shares reserved for issuance under the 2019 Plan will increase automatically on July 1 of each of 2020 through 2029 by the number of shares of the Company's Class A common stock equal to 5% of the total outstanding shares of all of the Company's classes of common stock as of the immediately preceding June 30, or a lesser amount as determined by the board of directors.

(c) In August 2019, the Company's board of directors adopted the 2019 Employee Stock Purchase Plan, or 2019 ESPP, which was subsequently approved by the Company's stockholders in September 2019. The 2019 ESPP will become effective on the effective date of the registration statement of which this prospectus forms a part. The Company has reserved 5,600,000 shares of the Company's Class A common stock to be issued under the 2019 ESPP. The number of shares reserved for issuance under the 2019 ESPP will increase automatically on July 1 of each of 2020 through 2029 by the number of shares of Class A common stock equal to 1% of the total outstanding shares of all of the Company's classes of common stock as of the immediately preceding June 30, or a lesser amount as determined by the board of directors, provided that no more than 50,000,000 shares may be issued over the term of the 2019 ESPP.

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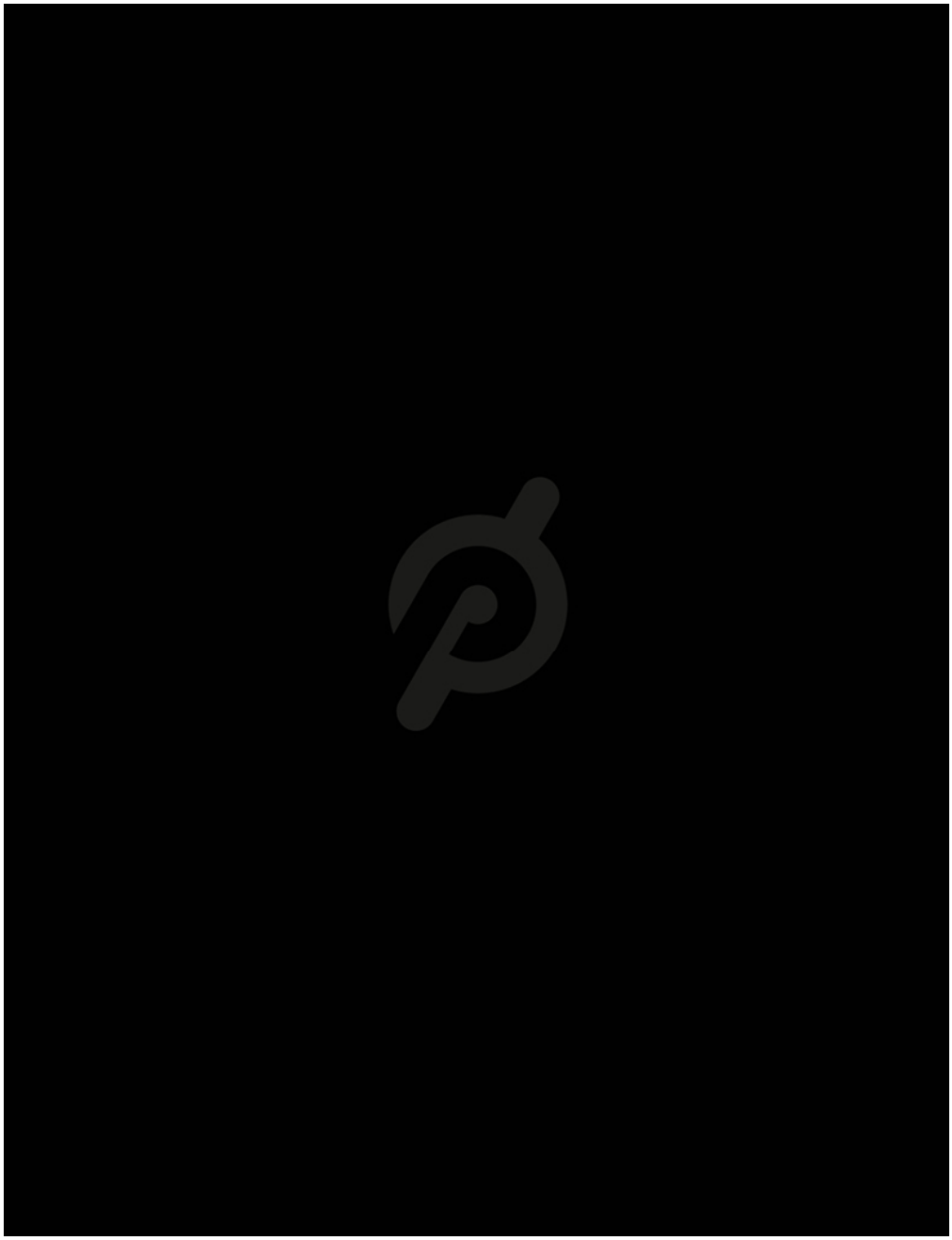


PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses to be paid by us, other than the estimated underwriting discount, in connection with the sale of the shares of our Class A common stock being registered hereby. All amounts are estimates except for the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee, and the Nasdaq Global Select Market listing fee.

	Amount Paid or to be Paid
SEC registration fee	$ 161,681
FINRA filing fee	200,600
Nasdaq Global Select Market listing fee	295,000
Printing and engraving expenses	600,000
Legal fees and expenses	2,550,000
Accounting fees and expenses	1,800,000
Transfer agent and registrar fees and expenses	5,000
Miscellaneous expenses	387,719
Total	$ 6,000,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law, or DGCL, authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the DGCL are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Securities Act of 1933, as amended, or the Securities Act.

As permitted by the DGCL, the Registrant's restated certificate of incorporation that will be in effect following the completion of this offering contains provisions that eliminate the personal liability of its directors for monetary damages for any breach of fiduciary duties as a director, except liability for the following:

- any breach of the director's duty of loyalty to the Registrant or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under Section 174 of the DGCL (regarding unlawful dividends and stock purchases); or
- any transaction from which the director derived an improper personal benefit.

As permitted by the DGCL, the Registrant's restated bylaws that will be in effect following the completion of this offering provide that:

- the Registrant is required to indemnify its directors and executive officers to the fullest extent permitted by the DGCL, subject to very limited exceptions;
- the Registrant may indemnify its other employees and agents as set forth in the DGCL;
- the Registrant is required to advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the DGCL, subject to very limited exceptions; and
- the rights conferred in the restated bylaws are not exclusive.

Prior to this offering, the Registrant has entered into indemnification agreements with each of its current directors and executive officers to provide these directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's restated certificate of incorporation and restated bylaws and to provide

additional procedural protections. At present, there is no pending litigation or proceeding involving a director, executive officer, or employee of the Registrant regarding which indemnification is sought. Reference is also made to the underwriting agreement filed as Exhibit 1.1 to this registration statement, which provides for the indemnification of executive officers, directors, and controlling persons of the Registrant against certain liabilities. The indemnification provisions in the Registrant's restated certificate of incorporation and restated bylaws and the indemnification agreements entered into or to be entered into between the Registrant and each of its directors and executive officers may be sufficiently broad to permit indemnification of the Registrant's directors and executive officers for liabilities arising under the Securities Act.

The Registrant has directors' and officers' liability insurance for its directors and officers.

Certain of the Registrant's directors are also indemnified by their employers with regard to their service on the Registrant's board of directors.

In addition, the underwriting agreement filed as Exhibit 1.1 to this registration statement provides for indemnification by the underwriters of the Registrant and its officers and directors for certain liabilities arising under the Securities Act, or otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Since September 6, 2016 and through September 6, 2019, the Registrant has issued and sold the following securities:

1. Since September 6, 2016 and through September 6, 2019, the Registrant granted stock options to employees, directors, consultants, and other service providers to purchase an aggregate of 56,926,868 shares of Class B common stock under its 2015 Equity Incentive Plan, or 2015 Plan, with per share exercise prices ranging from $0.895 to $27.50, and has issued 11,593,025 shares of Class B common stock upon exercise of stock options under its 2015 Plan with an aggregate exercise price of $18,670,790.50.
2. In March 2017, the Registrant sold and issued 60,013,480 shares of Series E redeemable convertible preferred stock to accredited investors at a purchase price of $5.42 per share for an aggregate purchase price of approximately $325.0 million. Registrant's Series E redeemable convertible preferred stock are convertible into an equivalent number of shares of Class B common stock.
3. In August 2018, the Registrant sold and issued 38,088,200 shares of Series F redeemable convertible preferred stock to 76 accredited investors at a purchase price of $14.44 per share for an aggregate purchase price of approximately $550.0 million. Registrant's Series F redeemable convertible preferred stock are convertible into an equivalent number of shares of Class B common stock.

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act (or Regulation D or Regulation S promulgated thereunder), or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits.

Exhibit Number	Description of Document
1.1	Form of Underwriting Agreement.
3.1	Sixth Amended and Restated Certificate of Incorporation of the Registrant, as amended to date and as currently in effect.
3.2*	Form of Restated Certificate of Incorporation of the Registrant, to be effective upon the completion of this offering.
3.3*	Amended and Restated Bylaws of the Registrant, as amended to date and as currently in effect.
3.4*	Form of Restated Bylaws of the Registrant, to be effective upon the completion of this offering.
4.1	Form of Registrant's Class A common stock certificate.
4.2*	Fourth Amended and Restated Investors' Rights Agreement by and between the Registrant and certain security holders of the Registrant, dated April 5, 2019.
4.3*	Warrant to Purchase Common Stock by and between Silicon Valley Bank and the Registrant, dated June 30, 2015.
5.1	Opinion of Fenwick & West LLP.
10.1*	Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers.
10.2*	2015 Stock Plan and forms of award agreements thereunder.
10.3	2019 Equity Incentive Plan, to be effective on the date immediately prior to the effective date of this registration statement, and forms of award agreements thereunder.
10.4	2019 Employee Stock Purchase Plan, to be effective on the effective date of this Registration Statement, and form of subscription agreement thereunder.
10.5	Offer Letter by and between John Foley and the Registrant, dated September 9, 2019.
10.6	Offer Letter by and between William Lynch and the Registrant, dated January 28, 2017.
10.7	Offer Letter by and between Jill Woodworth and the Registrant, dated December 8, 2017.
10.8	Form of Change in Control and Severance Agreement.
10.9	Agreement of Lease by and between the Registrant and Maple West 25th Owner, LLC, dated November 11, 2015, as amended.
10.10	Agreement of Lease by and between the Registrant and CBP 441 Ninth Avenue Owner LLC, dated November 16, 2018.
10.11*	Amended and Restated Loan and Security Agreement by and between the Registrant and the Lenders party thereto, JP Morgan Chase Bank, Bank of America, N.A., Barclays Bank PLC, Goldman Sachs Lending Partners LLC, and Silicon Valley Bank, dated June 20, 2019.
10.12	Common Stock Purchase Agreement, by and between the Registrant and entities affiliated with TCV, dated September 9, 2019.
21.1*	List of Subsidiaries of the Registrant.
23.1	Consent of Fenwick & West LLP (included in Exhibit 5.1).
23.2	Consent of Ernst & Young LLP, independent registered public accounting firm.
24.1*	Power of Attorney.

* Previously filed.

(b) Financial Statement Schedule.

All financial statement schedules are omitted because they are not applicable or the information is included in the Registrant's consolidated financial statements or related notes.

ITEM 17. UNDERTAKINGS

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant pursuant to provisions described in Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on September 10, 2019.

PELOTON INTERACTIVE, INC.

By: /s/ John Foley
John Foley
Chairman of the Board of Directors and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
/s/ John Foley John Foley	Chairman of the Board of Directors and Chief Executive Officer (*Principal Executive Officer*)	September 10, 2019
/s/ Jill Woodworth Jill Woodworth	Chief Financial Officer (*Principal Financial Officer and Principal Accounting Officer*)	September 10, 2019
* Erik Blachford	Director	September 10, 2019
* Karen Boone	Director	September 10, 2019
* Jon Callaghan	Director	September 10, 2019
* Howard Draft	Director	September 10, 2019
* Jay Hoag	Director	September 10, 2019
* William Lynch	Director	September 10, 2019
* Pamela Thomas-Graham	Director	September 10, 2019

*By: /s/ John Foley
John Foley
Attorney-in-Fact

Exhibit 1.1

Peloton Interactive, Inc.

Class A Common Stock, Par Value $0.000025 per share

Underwriting Agreement

, 2019

Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC
As representatives (the "Representatives") of the several Underwriters
named in Schedule I hereto,

c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282-2198

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

Peloton Interactive, Inc., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated in this agreement (this "**Agreement**"), to issue and sell to the several Underwriters named in Schedule I hereto (the "**Underwriters**"), for whom Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC are acting as representatives (the "**Representatives**"), an aggregate of [●] shares of Class A common stock, par value $0.000025 per share ("**Class A Common Stock**") of the Company and, at the election of the several Underwriters, up to [●] additional shares of Class A Common Stock, and propose, subject to the terms and conditions stated in this Agreement, to sell to the several Underwriters an aggregate of [●] shares of Class A Common Stock. The aggregate of [●] shares of Class A Common Stock to be sold by the Company is herein called the "**Firm Shares**" and the aggregate of up to [●] additional shares of Class A Common Stock to be sold by the Company is herein called the "**Optional Shares**"). The Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof being collectively called the "**Shares**". The shares of Class B common stock, par value $0.000025 per share, of the Company are hereinafter referred to as the "Class B Common Stock." The Class A Common Stock and Class B Common Stock are hereinafter collectively referred to as the "**Common Stock**."

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form S-1 (File No. 333-233482) (the "**Initial Registration Statement**") in respect of the Shares has been filed with the Securities and Exchange Commission (the "**Commission**"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to the Representatives and, excluding exhibits thereto, to the Representatives for each of the other Underwriters, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a "**Rule 462(b) Registration Statement**"), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "**Act**"), which became effective upon filing, no other document with respect to the Initial Registration Statement has heretofore been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose or pursuant to Section 8A of the Act has been initiated or, to the Company's knowledge, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "**Registration Statement**"; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(c) hereof) is hereinafter called the "**Pricing Prospectus**"; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the "**Prospectus**"; any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act is hereinafter called a "**Section 5(d) Communication**"; any Section 5(d) Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a "**Section 5(d) Writing**"; any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares is hereinafter called an "**Issuer Free Writing Prospectus**"); and any "bona fide electronic road show" as defined in Rule 433(h)(5) under the Act that has been made available without restriction to any person is hereinafter called a "**broadly available roadshow**";

(b) (i) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission and (ii) each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain 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, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with any Underwriter Information (as defined in Section 9(c) of this Agreement);

(c) For the purposes of this Agreement, the "**Applicable Time**" is [●][a.m.][p.m.] (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the information listed on Schedule III(c) hereto, taken together (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule III(a) hereto and each Section 5(d) Writing listed on Schedule III(b) hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, each broadly available road show and each Section 5(d) Writing listed on Schedule III(b) hereto, each, as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not, and as of each Time of Delivery will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in the Pricing Disclosure Package, an Issuer Free Writing Prospectus, or Section 5(d) Writing in reliance upon and in conformity with any Underwriter Information;

(d) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement, as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain 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; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) Neither the Company nor any of its subsidiaries has, since the date of the latest audited financial statements included in the Pricing Prospectus, (i) sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree or (ii) entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole, in each case otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been (x) any change in the capital stock (other than as a result of (i) the grant, vesting, exercise, or settlement, if any, of stock options and restricted stock units or other equity incentives pursuant to the Company's equity-based incentive plans that are described in the Pricing

Prospectus and the Prospectus, (ii) the repurchase of shares of capital stock granted under the Company's equity based incentive plans that are described in the Pricing Prospectus and the Prospectus, and (iii) the issuance, if any, of stock upon conversion of Company securities as described in the Pricing Prospectus and the Prospectus and including any dividend or distribution declared, paid, or otherwise made, or long-term debt of the Company or any of its subsidiaries, taken as a whole, or (y) any Material Adverse Effect (as defined below). As used in this Agreement, "**Material Adverse Effect**" shall mean any material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting the business, properties, general affairs, management, financial position, stockholders' equity, or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus;

(f) The Company and its subsidiaries have valid title to all real and personal property (other than with respect to Intellectual Property (as defined below), which is addressed exclusively in subsection (dd)) owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as would not, individually or in the aggregate, reasonably be expected to have, a Material Adverse Effect; and any real property and buildings held under lease by the Company and its subsidiaries are held by them, to their knowledge, under valid, subsisting and enforceable leases (subject to the effects of (i) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium, or other similar laws relating to or affecting rights or remedies of creditors generally; (ii) the application of general principles of equity (including without limitation, concepts of materiality, reasonableness, good faith, and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity); and (iii) applicable laws and public policy with respect to rights to indemnity and contribution) with such exceptions as are not material and do not materially interfere with the use made of such property and buildings by the Company and its subsidiaries;

(g) The Company has been (i) duly incorporated and is validly existing as a corporation and in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and (ii) duly qualified as a foreign corporation for the transaction of business and is in good standing (where such concept exists) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have, a Material Adverse Effect, and each significant subsidiary (as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Act) of the Company (each a "significant subsidiary") has been duly incorporated or organized and is validly existing as a corporation or other business organization in good standing under the laws of its jurisdiction of incorporation, formation or organization, to the extent the concept of "good standing" is applicable under the laws of such jurisdiction, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(h) The Company has an authorized capitalization as set forth in the Pricing Prospectus and all of the issued shares of capital stock of the Company outstanding prior to the issuance of the Shares to be sold by the Company, have been duly and validly authorized and issued and are fully paid and non-assessable and conform in all material

respects to the description of the Class A Common Stock contained in the Pricing Disclosure Package and Prospectus; and all of the issued shares of capital stock of each significant subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and (except, in the case of any foreign subsidiary, for directors' qualifying shares, and except as otherwise set forth in the Pricing Prospectus and the Prospectus) are owned directly or indirectly by the Company or a subsidiary of the Company, free and clear of all liens, encumbrances, equities, or claims;

(i) The Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform in all material respects to the description of the Class A Common Stock contained in the Pricing Disclosure Package and the Prospectus, and the Issuance of the Shares is not subject to any preemptive or similar rights except as may have been duly waived in connection with any registration rights or participation rights.;

(j) The issue and sale of the Shares and the compliance by the Company with this Agreement and the consummation of the transactions contemplated in this Agreement and the Pricing Prospectus will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the certificate of incorporation or by-laws (or other applicable organizational document) of the Company or any of its subsidiaries, or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except, in the case of clauses (i) and (iii) above for such conflicts, breaches, defaults or violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except for as have been previously obtained or the registration under the Act of the Shares, the approval by the Financial Industry Regulatory Authority ("**FINRA**") of the underwriting terms and arrangements, the approval for listing on the Nasdaq Global Select Market ("**Exchange**") and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(k) Neither the Company nor any of its subsidiaries is (i) in violation of its certificate of incorporation or by-laws (or other applicable organizational document), (ii) in violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) in default in the performance or observance of any obligation, agreement, covenant, or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except, in the case of the foregoing clauses (ii) and (iii), for such violations or defaults as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(l) The statements set forth in the Pricing Prospectus and the Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute a summary of the terms of the Stock, and under the caption "Material U.S. Federal Tax Consequences to Non-U.S. Holders of our Class A Common Stock", and under the caption "Underwriting", insofar as they purport to describe the provisions of the laws and documents referred to therein and legal conclusions with respect thereto, are accurate, complete and fair in all material respects;

(m) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property or assets of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate, (i) reasonably be expected to have a Material Adverse Effect or (ii) affect the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus; and, to the Company's knowledge, no such proceedings are threatened by governmental authorities or others;

(n) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be an "investment company", as such term is defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(o) At the time of filing the Initial Registration Statement, the Company was not, and is not, an "ineligible issuer," as defined under Rule 405 under the Act;

(p) Ernst & Young LLP ("**E&Y**"), which has certified certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm as required by the Act and the rules and regulations of the Commission thereunder;

(q) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) that (i) is designed to comply with the requirements of the Exchange Act, (ii) has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and (iii) is sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorization, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (C) access to assets is permitted only in accordance with management's general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences (it being understood that this subsection shall not require the Company to comply with Section 404 of the Sarbanes-Oxley Act of 2002, as amended, as of an earlier date than it would otherwise be required to so comply under applicable law). Except as disclosed in the Pricing Prospectus and the Prospectus, the Company is not aware of any material weaknesses in its internal control over financial reporting**;**

(r) Since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting;

(s) To the extent required by applicable law, the Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that are designed to comply with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective;

(t) This Agreement has been duly authorized, executed and delivered by the Company;

(u) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) made, offered, promised or authorized any unlawful contribution, gift, entertainment or other unlawful expense; (ii) made, offered, promised or authorized any direct or indirect unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns; or (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law (hereinafter, the "**Anti-Bribery and Anti-Corruption Laws**"), in each case except as would not, individually or in the aggregate, reasonably be expected to have, a Material Adverse Effect. The Company and its subsidiaries have conducted their businesses in compliance with applicable Anti-Bribery and Anti-Corruption Laws and have instituted, maintain and enforce policies and procedures designed to promote and achieve compliance with Anti-Bribery and Anti-Corruption Laws;

(v) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance in all material respects with the requirements of applicable anti-money laundering laws, including, but not limited to, the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, and the rules and regulations promulgated thereunder, and the anti-money laundering laws of the various jurisdictions in which the Company and its subsidiaries conduct business (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(w) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently the subject of any sanctions administered or enforced by the U.S.

Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person," the European Union, Her Majesty's Treasury, the United Nations Security Council, or other relevant sanctions authority (collectively, "**Sanctions**"), and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person, or in any country or territory, that, at the time of such funding, is the subject or the target of Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions;

(x) The financial statements included in the Registration Statement, the Pricing Prospectus and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the Company and its subsidiaries at the dates indicated therein and the statement of operations, stockholders' equity and cash flows of the Company and its subsidiaries for the periods specified; except as otherwise stated in the Registration Statement, the Pricing Prospectus and the Prospectus, such financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods involved. The selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Pricing Prospectus and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable;

(y) From the time of the initial confidential submission of a registration statement relating to the Shares with the Commission (or, if earlier, the first date on which a Section 5(d) Communication was made) through the date hereof, the Company has been and is an "emerging growth company" as defined in Section 2(a)(19) of the Act (an "**Emerging Growth Company**");

(z) Except as would not, individually or in the aggregate, have, or reasonably be expected to have, a Material Adverse Effect, no labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is threatened;

(aa) The Company and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, including business interruption insurance, in such amounts and insures against such losses and risks as the Company believes are adequate to protect the Company and its subsidiaries and their respective businesses, except where this would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and neither the Company nor any of its

subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business, except where this would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(bb) (i) The Company and its subsidiaries (i) are, and, to the knowledge of the Company, have been, in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances, wastes, or materials ,pollutants or contaminants (collectively, "**Environmental Laws**"), (ii) have received all permits, licenses, or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(cc) (i) Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), for which the Company or any member of its "**Controlled Group**" (defined as any entity, whether or not incorporated, that is under common control with the Company within the meaning of Section 4001(a)(14) of ERISA or any entity that would be regarded as a single employer with the Company under Section 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended (the "**Code**")) would have any liability (each, a "**Plan**") has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code; (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan, excluding transactions effected pursuant to a statutory or administrative exemption; (iii) no Plan is subject to Section 412 of the Code or Section 302 or Title IV of ERISA; (iv) neither the Company nor any member of the Controlled Group has incurred, nor reasonably expects to incur, any material liability under Title IV of ERISA in respect of a Plan (including a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA; (v) each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified, and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification; and (vi) to the Company's knowledge, there is no pending audit or investigation by the U.S. Internal Revenue Service, the U.S. Department of Labor, the PBGC or any other governmental agency or any non-U.S. regulatory agency with respect to any Plan, except in each case with respect to the events or conditions set forth in (i) through (vi) hereof, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as would not, individually or in the aggregate, have, or reasonably be expected to have, a Material Adverse Effect, there has not occurred nor is reasonably likely to occur a material increase in the aggregate amount of contributions required to be made to all Plans by the Company or its Controlled Group affiliates in the current fiscal year of the Company and its Controlled Group affiliates compared to the amount of such contributions made in the Company's and its Controlled Group affiliates' most recently completed fiscal year. Neither the Company nor any of its subsidiaries has or has had any "accumulated post-retirement benefit obligations" (within the meaning of Statement of Financial Accounting Standards 106) with respect to any Plan.

(dd) Except for any third party action, suit, proceeding or claim disclosed in the Pricing Prospectus, the Company and its subsidiaries own, have valid and enforceable license to, or otherwise have the right to use or can acquire on reasonable terms the right to use, all patents, trademarks, service marks, trade names, domain names and other source indicators, copyrights, copyrightable works, know-how, trade secrets, proprietary or confidential information, and all other similar intellectual property and proprietary rights (collectively, "**Intellectual Property**") which are necessary for or material to the conduct of their respective businesses as currently conducted or which are otherwise described in the Registration Statement, the Pricing Disclosure Package, and/or the Prospectus as being owned or licensed by them (collectively, "**Company Intellectual Property**"), except where the failure to have any of the foregoing would not reasonably be expected to have a Material Adverse Effect. Other than as set forth in the Pricing Prospectus, (i) neither the Company nor any of its subsidiaries has received any written notice or claim of any infringement, misappropriation or other violation of, or conflict with, asserted rights of others with respect to any Intellectual Property, which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (ii) to the Company's knowledge, there is no threatened action, suit, proceeding or claim by others: (A) challenging the Company's or its subsidiaries' rights in or to any Company Intellectual Property, and the Company and its subsidiaries are unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim; (B) challenging the validity, enforceability or scope of any Company Intellectual Property, which, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and the Company and its subsidiaries are unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim; or (C) asserting that the Company or any of its subsidiaries infringes or otherwise violates, or would, upon the commercialization of any product or service described in the Registration Statement, the Pricing Disclosure Package or the Prospectus as under development, infringe or violate, any Intellectual Property of third parties, and the Company and its subsidiaries have not received any notice of, and are unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the Company's knowledge, and except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there is no material infringement, misappropriation or other violation by third parties of any Company Intellectual Property owned by the Company or its subsidiaries. To the knowledge of the Company and its subsidiaries, and except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Company and its subsidiaries have complied with the terms of each agreement pursuant to which Company Intellectual Property has been licensed to the Company or any subsidiary, and all such agreements are in full force and effect. To the knowledge of the Company and its subsidiaries, and except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, no technology employed by the Company or its subsidiaries has been obtained or is being used by the Company or its subsidiaries in violation of any contractual or legal obligation binding on the Company, its subsidiaries, or any of their officers, directors, employees, or contractors, which violation relates to the breach of a confidentiality obligation, an obligation to assign Intellectual Property to a previous employer, or an obligation otherwise not to use the Intellectual Property of any third party;

(ee) The Company and its subsidiaries possess and are in compliance with all licenses, permits, certificates and other authorizations from, and have made all declarations and filings with, all governmental authorities, required or necessary to own or lease, as the case may be, and to operate their respective properties and to carry on their respective businesses as currently conducted by them or as described in the Registration Statement, the Pricing Prospectus and the Prospectus to be conducted by them ("**Permits**"), except where the failure to obtain, possess or be in compliance with such Permits would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect;

(ff) All United States federal income tax returns of the Company and the Company's subsidiaries required by law to be filed have been filed, subject to permitted extensions, through the date hereof and all federal income taxes, which are due and payable, have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been established by the Company or as would not reasonably be expected to have a Material Adverse Effect. The Company and the Company's subsidiaries have filed all other tax returns that are required to have been filed by them pursuant to applicable foreign, state, local or other law except insofar as the failure to file such returns would not reasonably be expected to result in a Material Adverse Effect, and have paid all other taxes due from the Company and the Company's subsidiaries, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been established by the Company or as would not reasonably be expected to have a Material Adverse Effect; and

(gg) The Company and its subsidiaries have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to maintain and protect their confidential information and Personal Data (as defined below) and the integrity, continuous operation, redundancy and security of all IT Systems (as defined below) and except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and except as described in the Registration Statement and the Pricing Prospectus, (i) the Company and its subsidiaries' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, "**IT Systems**") are adequate for, and operate and perform as required in connection with the operation of the business of the Company and its subsidiaries as currently conducted, and to the knowledge of the Company, are free and clear of all bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants; (ii) there have been no breaches, violations, outages or unauthorized uses of or accesses to confidential information and/or Personal Data, except for those that have been remedied without material cost or liability or the duty to notify any other person or for any such breaches, violations, outages or unauthorized uses or accesses to the same, nor any incidents under internal review or investigations relating to the same; and (iii) the Company and its subsidiaries are presently in compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Personal Data and to the protection of such

IT Systems and Personal Data from unauthorized use, access, misappropriation or modification. "**Personal Data**" shall mean all data relating to an identified or identifiable natural person under all applicable data privacy and security laws and regulations, including without limitation, as applicable, the European Union General Data Protection Regulation (EU 2016/679), the applicable provisions of the Federal Trade Commission Act and the U.S. Health Insurance Portability and Accountability Act of 1996, that is maintained by or on behalf of the Company and its subsidiaries.

2. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $[●], the number of Firm Shares (to be adjusted by the Representatives so as to eliminate fractional shares) determined by multiplying the aggregate number of Firm Shares to be sold by the Company, the numerator of which is the aggregate number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Firm Shares to be purchased by all of the Underwriters from the Company hereunder and (ii) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (i) of this Section 2 (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by the Representatives so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to [●] Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm Shares, provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares. Any such election to purchase Optional Shares may be exercised only by written notice from the Representatives to the Company , given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Representatives but in no event earlier than the First Time of Delivery or, unless the Representatives and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by the Representatives of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Pricing Prospectus and the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives, through the facilities of the Depository Trust Company ("**DTC**"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the accounts specified by the Company and the Custodian to the Representatives at least forty-eight hours in advance. The Company will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the "**Designated Office**"). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on September [●], 2019 or such other time and date as the Representatives, the Company and the Attorneys-in-Fact may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by the Representatives in the written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "**First Time of Delivery**," such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "**Second Time of Delivery**," and each such time and date for delivery is herein called a "**Time of Delivery**."

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 8(k) hereof, will be delivered at the offices of Latham & Watkins LLP, 885 3rd Avenue, New York, New York 10022 (the "**Closing Location**"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A meeting will be held at the Closing Location at 4:00 p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be disapproved by the Representatives promptly after reasonable notice thereof; to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to file promptly all material required to be filed by the Company with the

Commission pursuant to Rule 433(d) under the Act; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Registration Statement, Preliminary Prospectus or other prospectus in respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose or pursuant to Section 8A of the Act, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its reasonable efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as the Representatives may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction or subject itself to taxation in any such jurisdiction in which it was not otherwise subject to taxation;

(c) (i) Prior to 10:00 a.m., New York City time, on the New York Business Day next succeeding the date of this Agreement (or such later time as may be agreed to by the Company and the Representatives) and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as the Representatives may reasonably request.

(ii) If the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify the Representatives and upon the Representatives' request to prepare and furnish without charge to each Underwriter and to any dealer in securities (whose name and address the Representatives shall furnish to the Company) as many written and electronic copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon the Representatives' request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its securityholders as soon as practicable (which may be satisfied by filing with the Commission's Electronic Data Gathering, Analysis and Retrieval System ("**EDGAR**")), but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) (i) During the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus (the "**Lock-Up Period**"), not to (A) offer, sell, contract to sell, pledge, lend, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with or confidentially submit to the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Shares, including but not limited to any options or warrants to purchase shares of Class A Common Stock or any securities that are convertible into or exchangeable for, or that represent the right to receive, Class A Common Stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Class A Common Stock or such other securities, in cash or otherwise, without the Representatives' prior written consent, provided, however, that the foregoing restrictions shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Common Stock upon the exercise (including net exercise) of an option or warrant, vesting or settlement of a restricted stock unit, or the exercise, conversion or exchange of a security outstanding on the date hereof, provided that such option or security is disclosed in or contemplated by the Pricing Prospectus, (C) the grant of options to purchase or the issuance by the Company of Common Stock or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock, in each case pursuant to the Company's equity-based compensation plans disclosed in the Pricing Prospectus, (D) the entry into an agreement providing for the issuance by the Company of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in connection with the acquisition by the Company or any of its subsidiaries of the securities, business, technology, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition, and the issuance of any such securities pursuant to any such agreement, (E) the entry into any agreement providing for the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in connection with joint ventures, commercial relationships or other strategic transactions, and the issuance of any such securities pursuant to any such agreement, and (F) the filing of any registration statement on Form S-8 relating to securities granted or to be granted pursuant to the Company's equity incentive plants that are described in the Pricing Prospectus or any assumed employee benefit plan contemplated by clause (D); provided that in the case of clauses (D) and (E), the aggregate number of shares of Stock that the Company may sell or issue or agree to sell or issue pursuant to clauses (D) and (E) shall not exceed 10% of

the total number of shares of Common Stock issued and outstanding immediately following the completion of the transactions contemplated by this Agreement; and provided, further, that in the case of clauses (D) and (E), the Company shall (x) cause each recipient of such securities to execute and deliver to the Representatives, on or prior to the issuance of such securities, a lock-up agreement on substantially the same terms as the lock-up agreements referenced in Section 8(i) hereof for the remainder of the Lock-Up Period and (y) enter stop transfer instructions with the Company's transfer agent and registrar on such securities, which the Company agrees it will not waive or amend without the prior written consent of the Representatives.

(ii) If the Representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 8(i) hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Annex I hereto through a major news service at least two business days before the effective date of the release or waiver, if required by FINRA Rule 5131;

(iii) The Company will enforce all existing agreements between the Company and any of its securityholders that prohibit the sale, transfer, assignment, pledge or hypothecation of any of the Company's securities in connection with the Company's initial public offering until, in respect of any particular securityholder, the earlier to occur of (i) the expiration of the Lock-Up Period or (ii) the expiration, which shall not be amended or otherwise modified, of any similar arrangement entered into by such securityholder with the Representatives; to direct the transfer agent to place stop transfer restrictions upon any such securities of the Company that are bound by such existing "lock-up," "market stand-off," "holdback" or similar provisions of such agreements for the duration of the periods contemplated in the preceding clause; and not to release or otherwise grant any waiver of such provisions in such agreements during such periods without the prior written consent of the Representatives, on behalf of the Underwriters;

(f) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its stockholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail; provided, however, that any report, communication or financial statement that is furnished or filed by the Company and publicly available on the Commission's EDGAR system shall be deemed to have been furnished and delivered to the stockholders at the same time furnished to or filed with the Commission;

(g) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to the Representatives copies

of all reports or other communications (financial or other) furnished to stockholders, and to deliver to the Representatives (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as the Representatives may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission); provided, however, that no report, communication or financial statement need be furnished pursuant to this subsection (g) to the extent (i) they are furnished or filed by the Company and publicly available on the Commission's EDGAR system, in which case they shall be deemed to have been furnished and delivered to the Representatives at the same time furnished to or filed with the Commission or (ii) the provision of which would require public disclosure by the Company under Regulation FD;

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(i) To use its reasonable best efforts to list, subject to official notice of issuance, the Shares the on the Exchange;

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act;

(l) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "**License**"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred; and

(m) To promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Shares within the meaning of the Act and (ii) the last Time of Delivery.

6. (a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act and each Underwriter represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule III(a) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Section 5(d) Writing prepared and authorized by it, any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Section 5(d) Writing prepared and authorized by it would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, Section 5(d) Writing or other document which will correct such conflict, statement or omission; provided, however, that this covenant shall not apply to any statements or omissions in an Issuer Free Writing Prospectus or Section 5(d) Writing made in reliance upon and in conformity with the Underwriter Information;

(d) The Company represents and agrees that (i) it has not engaged in, or authorized any other person to engage in, any Section 5(d) Communications, other than Section 5(d) Communications with the prior consent of the Representatives with entities that are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Section 5(d) Writings, other than those distributed with the prior consent of the Representatives that are listed on Schedule III(b) hereto; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Section 5(d) Communications**;** and

(e) Each Underwriter represents and agrees that any Section 5(d) Communications undertaken by it were with entities that are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act.

7. The Company covenants and agrees, with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Section 5(d) Writing, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses of the Company in

connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof; (iv) all fees and expenses in connection with listing the Shares on the Exchange; (v) the filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by FINRA of the terms of the sale of the Shares, provided that the reasonable fees and disbursements of counsel to the Underwriters described in this clause (v) shall not, together, exceed an aggregate of $30,000; (vi) the cost of preparing stock certificates, if applicable; (vii) the cost and charges of any transfer agent or registrar; (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Shares, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives (not including the Underwriters and their representatives) and officers of the Company and any such consultants (not including the Underwriters and their representatives) and the cost of aircraft chartered in connection with the road show; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 9 and 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make, and any costs of hosting presentations or meetings, including meals, undertaken in connection with the marketing of the offering and the sale of the Shares to prospective investors. Notwithstanding the foregoing, the Underwriters and the Company will each be responsible for any costs and expenses that the parties may agree to in writing.

8. The obligations of the Underwriters hereunder**,** as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 P.M., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the

Registration Statement or any part thereof shall have been issued and no proceeding for that purpose or pursuant to Section 8A of the Act shall have been initiated or threatened by the Commission; no stop order suspending or preventing the use of the Pricing Prospectus, Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representatives' reasonable satisfaction;

(b) Latham & Watkins LLP, counsel for the Underwriters, shall have furnished to the Representatives such written opinion or opinions, dated such Time of Delivery, in form and substance satisfactory to the Representatives, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Fenwick & West LLP, counsel for the Company, shall have furnished to the Representatives their written opinion, dated such Time of Delivery, in form and substance satisfactory to the Representatives,

(d) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, E&Y shall have furnished to the Representatives a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives;

(e) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Pricing Prospectus there shall not have been any material change in the capital stock (other than as a result of (x) the grant, vesting, exercise or settlement of stock options and restricted stock units or other equity incentives pursuant to the Company's equity-based incentive plans disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or (y) the repurchase of shares of capital stock granted under the Company's equity-based incentive plans disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus) or material change in long-term debt of the Company and its subsidiaries, taken as a whole, or any change or effect, or any development involving a prospective change or effect, in or affecting the business, properties, general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus and the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the Representatives' judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(f) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the Representatives' judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(g) The Shares to be sold at such Time of Delivery shall have been duly listed on the Exchange;

(h) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from securityholders of the Company representing substantially all of the shares of capital stock of the Company, substantially to the effect set forth in Annex II hereof in form and substance satisfactory to the Representatives;

(i) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement;

(j) The Company shall have furnished or caused to be furnished to the Representatives at such Time of Delivery certificates of officers of the Company, reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (a) and (e) of this Section and as to such other matters as the Representatives may reasonably request; and

(k) The Company shall have delivered to the Underwriters on the date of the Prospectus at a time prior to the execution of this Agreement and at such Time of Delivery a certificate of the Chief Financial Officer of the Company in form and substance satisfactory to the Representatives.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "roadshow" as defined in Rule 433(h) under the Act (a "**roadshow**"), or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act or any Section 5(d) Writing prepared or authorized by the Company, or arise out of or are based upon the 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 each Underwriter for any documented legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are

incurred; *provided*, *however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, any roadshow or any Section 5(d) Writing, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any roadshow or any Section 5(d) Writing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, any amendment or supplement thereto, any Issuer Free Writing Prospectus, or any roadshow or any Section 5(d) Writing, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any documented legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. [As used in this Agreement with respect to an Underwriter and an applicable document, "**Underwriter Information**" shall mean the written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: under the caption "Underwriting", the sixth paragraph, first and second sentence of the seventh paragraph, the eleventh paragraph, the twelfth paragraph and the nineteenth paragraph.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided, that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense

thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. In any such action, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the contrary; (ii) the indemnifying party has failed within a reasonable time to retain counsel reasonably satisfactory to the indemnified party; (iii) the indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the indemnifying party; or (iv) the named parties in any such action (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the indemnifying party shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all indemnified parties, and that all such fees and expenses shall be paid or reimbursed as they are incurred. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party, in form and substance reasonably satisfactory to such indemnified party, from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (after deducting any underwriting discounts and commissions but before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to,

among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares that it has agreed to purchase hereunder at a Time of Delivery, the Representatives may in the Representatives' discretion arrange for the Representatives or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Shares on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that the Representatives have so arranged for the purchase of such Shares, or the Company notify the Representatives that it has so arranged for the purchase of such Shares, the Representatives or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration

Statement or the Prospectus which in the Representatives' opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives, the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, rights of contribution, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter or the directors and officers of the Underwriters or the Company or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

12. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason (other than due to events described in clauses (i), (iii), (iv), or (v) of Section 9(g)), any Shares are not delivered by or on behalf of the Company, as provided herein, the Company will reimburse the Underwriters through the Representatives for all documented out-of-pocket expenses approved in writing by the Representatives, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 7 and 9 hereof.

13. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly or by the Representatives on behalf of the Underwriters.

All statements, requests, notices and agreements hereunder shall be in writing, and (A) if to the Underwriters shall be delivered or sent by mail or facsimile transmission to the Representatives as the representatives: (i) in care of Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Registration Department; and (ii) in care of J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: 212-622-8358), Attention: Equity Syndicate Desk; (B) if to the Company shall be delivered or sent by mail or facsimile transmission to the address of the Company set forth on the cover of the Registration Statement, Attention: Chief Legal Officer; provided, however, that any notice to an Underwriter pursuant to Section 9(d) hereof shall be delivered or sent by mail or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, which address will be supplied to the Company by the Representatives upon request; provided, however, that notices under Section 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail or facsimile transmission to the Representatives as the representatives at Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Control Room, and J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: 212-622-8358), Attention: Equity Syndicate Desk. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

16. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement

and (iv) the Company has consulted their own legal and financial advisors to the extent they deemed appropriate. The Company and agrees that they will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to them, in connection with such transaction or the process leading thereto.

17. This Agreement supersedes all prior agreements and understandings (whether written or oral) among the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

18. This Agreement and any transaction contemplated by this Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would result in the application of any other law than the laws of the State of New York. The parties agree that any suit or proceeding arising in respect of this Agreement or any transaction contemplated by this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York and the Company agree to submit to the jurisdiction of, and to venue in, such courts.

19. The Company and each Underwriter hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

20. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

21. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax structure” is limited to any facts that may be relevant to that treatment.

22. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(c) As used in this section:

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with the Representatives' understanding, please sign and return to the Representatives one for the Company and each of the Representatives plus one for each counsel and the Custodian counterparts hereof, and upon the acceptance hereof by the Representatives, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters and the Company. It is understood that the Representatives' acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on the Representatives' part as to the authority of the signers thereof.

[*Remainder of Page Intentionally Left Blank*]

Very truly yours,

Peloton Interactive, Inc.

By: _____
Name:
Title:

Accepted as of the date hereof:

Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC

Acting severally on behalf of themselves and
the several Underwriters named in
Schedule I hereto.

Goldman Sachs & Co. LLC

By: _____
Name:
Title:

J.P. Morgan Securities LLC

By: _____
Name:
Title:

SCHEDULE I

Underwriter	Total Number of Firm Shares to be Purchased	Number of Optional Shares to be Purchased if Maximum Option Exercised
Goldman Sachs & Co. LLC		
J.P. Morgan Securities LLC		
Barclays Capital Inc.		
BofA Securities, Inc.		
UBS Securities LLC		
Cowen and Company, LLC		
Canaccord Genuity		
Evercore ISI		
JMP Securities		
KeyBanc Capital Markets		
Needham & Company		
Oppenheimer & Co.		
Raymond James		
Stifel		
SunTrust Robinson Humphrey		
William Blair		
Telsey Advisory Group		
Academy Securities		
The Williams Capital Group, L.P.		
Siebert Cisneros Shank & Co., L.L.C.		
R. Seelaus & Co., LLC		
Total		

SCHEDULE II

	Total Number of Firm Shares to be Purchased	Number of Optional Shares to be Purchased if Maximum Option Exercised
The Company		
Total		

SCHEDULE III

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package:

[None]

(b) Section 5(d) Writings:

[None]

(c) Information that, together with the Pricing Prospectus, comprises the Pricing Disclosure Package:

The initial public offering price per share for the Shares is $[●].

The number of Firm Shares purchased by the Underwriters from the Company is [●].

The number of Optional Shares to be sold by the Company is up to [●].

[Form of Press Release]

[Company]
[Date]

Peloton Interactive, Inc. (“Company”) announced today that Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, the lead book-running managers in the Company’s recent public sale of shares of Class A common stock, is [waiving] [releasing] a lock-up restriction with respect to shares of the Company’s Class A common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

ANNEX II

FORM OF LOCK-UP AGREEMENT

Peloton Interactive, Inc.

Lock-Up Agreement

, 2019

Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC

As representatives of the several Underwriters
named in Schedule I to the Underwriting Agreement,

c/o Goldman Sachs & Co. LLC
200 West Street
New York, NY 10282-2198

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179

Re: Peloton Interactive, Inc. – Lock-Up Agreement

Ladies and Gentlemen:

The undersigned understands that you, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, as representatives (the "***Representatives***"), propose to enter into an Underwriting Agreement (the "***Underwriting Agreement***") on behalf of the several Underwriters named in Schedule I to such agreement (collectively, the "***Underwriters***"), with Peloton Interactive, Inc., a Delaware corporation (the "***Company***"), and the Selling Stockholders named in Schedule II to the Underwriting Agreement, if any, providing for a public offering (the "***Public Offering***") of shares (the "***Shares***") of the Class A Common Stock of the Company, par value $0.000025 per share (the "***Class A Common Stock***" and together with the Class B Common Stock of the Company, par value $0.000025 per share (the "***Class B Common Stock***"), the "***Common Stock***") pursuant to a Registration Statement on Form S-1 (the "***Registration Statement***") to be filed with the Securities and Exchange Commission (the "***SEC***").

In consideration of the agreement by the Underwriters to offer and sell the Shares, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date of this agreement (the "***Lock-Up Agreement***") and continuing to and including the date 180 days after the date (the "***Public Offering Date***") set forth on the final prospectus (the "***Prospectus***") used to sell the Shares in the Public Offering (the "***Lock-Up Period***"), the undersigned will not offer, sell, contract to sell, pledge, lend, grant any option to purchase, make any short sale or otherwise dispose of any shares of Common Stock, or any options or warrants to purchase any shares of Common Stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock, whether now owned or hereinafter acquired, owned directly by the undersigned (including holding as a custodian) or with respect to which the undersigned has beneficial ownership within the rules and regulations of the SEC (collectively the "***Undersigned's Shares***") or make any public announcement during the Lock-Up Period of its intention to enter into any such transaction. The undersigned acknowledges and agrees that the foregoing restriction is expressly agreed to

preclude the undersigned from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Undersigned's Shares during the Lock-Up Period even if such Shares would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Undersigned's Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares.

If the undersigned is an officer (under the rules and regulations of the Financial Industry Regulatory Authority, Inc.) or director of the Company, (i) the undersigned agrees that the foregoing provisions shall be equally applicable to any Company-directed Shares the undersigned may purchase in the Public Offering, (ii) the Representatives, on behalf of the Underwriters, agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Common Stock, the Representatives will notify the Company of the impending release or waiver, and (iii) if required by FINRA Rule 5131 (or any successor provision thereto), the Company has agreed or will agree in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives hereunder to the undersigned shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding the foregoing, the undersigned may:

(a) transfer the Undersigned's Shares:

(i) as a *bona fide* gift or gifts or charitable contribution, or for *bona fide* estate planning purposes,

(ii) to any member of the undersigned's immediate family or to any trust for the direct or indirect benefit of the undersigned or the undersigned's immediate family, or if the undersigned is a trust, to a trustor, trustee or beneficiary of the trust or to the estate of a trustor, trustee or beneficiary of such trust,

(iii) upon death or by will, testamentary document or intestate succession,

(iv) in connection with a sale of the Undersigned's Shares acquired (A) in the Public Offering or (B) in open market transactions after the Public Offering Date,

(v) if the undersigned is a corporation, partnership, limited liability company or other business entity, (A) to another corporation, partnership, limited liability company or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of the undersigned, or to any investment fund or other entity controlled or managed by the undersigned or affiliates of the undersigned, or (B) as part of a distribution by the undersigned to its stockholders, partners, members or other equityholders or to the estate of any such stockholders, partners, members or other equityholders,

(vi) to the Company in connection with the vesting or settlement of restricted stock units or the "net" or "cashless" exercise of options, warrants or other rights to purchase shares of Common Stock, (for purposes of exercising such options, warrants or rights, including any transfer for the payment of tax withholdings or remittance payments due as a result of the vesting, settlement, or exercise of such restricted stock units, options, warrants or other rights), in all such cases pursuant to equity awards granted under a stock incentive plan or other equity award plan, which plan is described in the Registration Statement, the pricing prospectus (the "***Pricing Prospectus***") or the Prospectus, provided that any shares of Common Stock received upon such vesting, settlement or exercise shall be subject to the terms of this Lock-Up Agreement,

(vii) to the Company in connection with (A) the repurchase of shares of Common Stock issued pursuant to equity awards granted under a stock incentive plan or other equity award plan, limited only to a plan that is described in the Registration Statement, in the Pricing Prospectus and in the Prospectus used to sell the Shares in the Public Offering or (B) a right of first refusal that the Company has with respect to transfers of such shares or securities,

(viii) pursuant to a *bona fide* third-party tender offer, merger, consolidation or other similar transaction made to all holders of shares of Common Stock involving a Change of Control (as defined below) of the Company, *provided*, *that*, in the event that such tender offer, merger, consolidation or other similar transaction is not completed, the Undersigned's Shares shall remain subject to the provisions of this Lock-Up Agreement,

(ix) in connection with (A) the conversion or reclassification of the outstanding preferred stock or other classes of capital stock of the Company into shares of Common Stock in connection with the consummation of the Public Offering and (B) the conversion of Class B Common Stock to Class A Common Stock, in each case, in accordance with the Company's certificate of incorporation, *provided*, *that*, any such shares of Common Stock received upon such conversion or reclassification shall remain subject to the provisions of this Lock-Up Agreement,

(x) by operation of law pursuant to the rules of descent and distribution or pursuant to a qualified domestic order or in connection with a divorce settlement or any related court order,

(xi) to the Underwriters pursuant to the Underwriting Agreement, or

(xii) with the prior written consent of the Representatives, on behalf of the Underwriters;

provided, *that*, (A) in the case of (i), (ii), (iii) and (v) above, such transfer shall not involve of a disposition for value, (B) in the case of (i), (ii), (iii), (v), and (x) above, it shall be a condition to the transfer or distribution that the donee, transferee or distributee, as the case may be, agrees in writing to be bound by the restrictions set forth herein, (C) in the case of (i), (ii), (iii), (iv), and (v) above, no filing under Section 16 of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), or other public filing, report or

announcement reporting a reduction in beneficial ownership of shares of Common Stock shall be required or shall be voluntarily made during the Lock-Up Period, and (D) in the case of (vii) and (x) above, no filing under Section 16 of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of Common Stock shall be voluntarily made during the Lock-Up Period and, if the undersigned is required to file a report under Section 16 of the Exchange Act during the Lock-Up Period, the undersigned shall include a statement in such report to the effect that such transfer is to the Company in connection with the repurchase of shares of Common Stock, to the Company pursuant to a right of first refusal, or by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement or any other court order, as the case may be;

(b) receive shares of Common Stock from the Company in connection with (i) the exercise of options or the vesting and settlement of restricted stock units or other rights granted under a stock incentive plan or other equity award plan, limited only to a plan that is described in the Registration Statement, in the Pricing Prospectus and in the Prospectus used to sell the Shares in the Public Offering and (ii) the exercise of warrants, which warrants are described in the Registration Statement, in the Pricing Prospectus and in the Prospectus used to sell Shares in the Public Offering, *provided*, *that*, in each case, any shares of Common Stock issued upon exercise of such option, warrant or other rights or the vesting and settlement of restricted stock units shall continue to be subject to the restrictions set forth herein until the expiration of the Lock-Up Period; or

(c) enter into a written plan meeting the requirements of Rule 10b5-1 under the Exchange Act after the date of this Lock-Up Agreement relating to the sale of the Undersigned's Shares, *provided*, *that*, the securities subject to such plan may not be transferred until after the expiration of the Lock-Up Period and, to the extent a public announcement, report or filing under the Exchange Act regarding the establishment of such plan shall be required during the Lock-Up Period, such announcement, report or filing shall include a statement to the effect that no transfer of securities subject to such plan may be made under such plan until after the expiration of the Lock-Up Period; *provided further*, that, no such filing under Section 16 of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of Common Stock shall be voluntarily made during the Lock-Up Period.

For purposes of this Lock-Up Agreement: "immediate family" shall mean any relationship by blood, marriage, domestic partnership or adoption, not more remote than first cousin; and "**Change of Control**" shall mean the transfer (whether by tender offer, merger, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons, of the Company's voting securities if, after such transfer, the Company's stockholders as of immediately prior to such transfer do not hold a majority of the outstanding voting securities of the Company (or the surviving entity).

In addition, and notwithstanding the provisions of the second paragraph of this Lock-Up Agreement, if (i) at least 120 days have elapsed since the Public Offering Date and (ii) the Lock-Up Period is scheduled to end during a Blackout Period (as defined below) or within five Trading Days (as defined below) prior to a Blackout Period, the Lock-Up Period shall end 10 Trading Days

prior to the commencement of the Blackout Period (the "**Blackout-Related Release**"), *provided*, that promptly upon the Company's determination of the date of the Blackout-Related Release and in any event at least two Trading Days in advance of the date of the Blackout-Related Release, the Company shall notify the Representatives of the date of the impending Blackout-Related Release, and shall announce the date of the expected Blackout-Related Release through a major news service, or on a Form 8-K, at least two Trading Days in advance of the Blackout-Related Release, and *provided further, that* the Blackout-Related Release shall not occur unless the Company shall have publicly released its earnings results for the quarterly period during which the Public Offering occurred. For purposes of this paragraph, a "Trading Day" is a day on which the New York Stock Exchange and the Nasdaq Stock Market are open for the buying and selling of securities. For purposes of this Lock-Up Agreement, "Blackout Period" shall mean a broadly applicable period during which trading in the Company's securities would not be permitted under the Company's insider trading policy. For the avoidance of doubt, notwithstanding anything to the contrary contained herein, in no event shall the Lock-Up Period end earlier than 120 days after the Public Offering Date.

The undersigned agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Undersigned's Shares except in compliance with the foregoing restrictions.

In the event that either of the Representatives withdraws from or declines to participate in the Public Offering, all references to the Representatives contained in this letter shall be deemed to refer to the sole Representative that continues to participate in the Public Offering (the "**Sole Representative**"), and, in such event, any written consent, waiver or notice given or delivered in connection with this letter by the Sole Representative shall be deemed to be sufficient and effective for all purposes under this Lock-Up Agreement.

This Lock-Up Agreement shall automatically terminate and the undersigned shall be released from all of his, her, or its obligations hereunder upon the earlier of (i) the date the Registration Statement filed with the SEC with respect to the Public Offering is withdrawn, (ii) the date on which for any reason the Underwriting Agreement is terminated (other than the provisions thereof that survive termination) prior to payment for and delivery of the Shares to be sold thereunder (other than pursuant to the Underwriters' over-allotment option), (iii) the date on which the Company notifies the Representatives, in writing and prior to the execution of the Underwriting Agreement, that it does not intend to proceed with the Public Offering or (iv) December 31, 2019, in the event that the Underwriting Agreement has not been executed by such date, *provided*, that the Company may, in its sole discretion, by written notice to the Representatives prior to December 31, 2019, extend such date for a period of up to three additional months.

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns. This Lock-Up Agreement may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com or www.echosign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

This Lock-Up Agreement and any claim, controversy or dispute arising under or related to this Lock-Up Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

Exact Name of Stockholder

Authorized Signature

Title

SIXTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
PELOTON INTERACTIVE, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

PELOTON INTERACTIVE, INC., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

DOES HEREBY CERTIFY:

FIRST: That the name of this corporation is Peloton Interactive, Inc. and that this corporation was originally incorporated pursuant to the General Corporation Law on March 17, 2015 under the name Peloton Interactive, Inc.

SECOND: That the Board of Directors of this corporation (the "Board of Directors") duly adopted resolutions proposing to amend and restate the Fifth Amended and Restated Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Fifth Amended and Restated Certificate of Incorporation of this corporation be amended and restated in its entirety as follows:

ARTICLE I

The name of this corporation is **PELOTON INTERACTIVE, INC.**

ARTICLE II

The address of the registered office of this corporation in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle, 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

ARTICLE IV

A. Authorization of Stock. This corporation is authorized to issue three classes of stock to be designated, respectively, "Class A Common Stock," "Class B Common Stock" and "Preferred Stock." The total number of shares that this corporation is authorized to issue is 1,015,443,468. The total number of shares of Class A Common Stock that this corporation is authorized to issue is 400,000,000, par value $0.000025 per share. The total number of shares of Class B Common Stock that this corporation is authorized to issue is 400,000,000, par value $0.000025 per share. The total number of shares of Preferred Stock that this corporation is authorized to issue is 215,443,468, par value $0.000025 per share, of which 10,617,908 shares are designated as "Series A Preferred Stock," 25,799,744 shares are designated as "Series B Preferred Stock," 48,246,732 shares are designated as "Series C Preferred Stock," 31,635,604 shares are designated as "Series D Preferred Stock." 60,013,480 shares are designated as "Series E Preferred Stock" and 39,130,000 shares are designated as "Series F Preferred Stock."

Immediately upon the date upon which this Sixth Amended and Restated Certificate of Incorporation is accepted for filing by the Secretary of State of the State of Delaware (the "Filing Date"), each share of this corporation's Common Stock issued and outstanding or held as treasury stock immediately prior to the Filing Date (the "Old Common Stock"), shall, automatically and without further action by any stockholder, be reclassified as, and shall become, one share of Class B Common Stock (the "Reclassification"). All of the shares of Class B Common Stock issued in the Reclassification shall, pursuant to a resolution adopted by the Board of Directors, be uncertificated shares, and the person registered on this corporation's books as the owner of any share or shares of Old Common Stock shall be registered on this corporation's books as the owner of any share or shares of Class B Common Stock issued upon the Reclassification. Each stock certificate that immediately prior to the Filing Date represented shares of Old Common Stock shall, from and after the Filing Date, be deemed to be cancelled, shall be null and void, and shall no longer represent any interest in this corporation's capital stock. This corporation shall not be obligated to issue any certificate or certificates representing shares of Class B Common Stock issued pursuant to the Reclassification.

B. Rights, Preferences and Restrictions of Preferred Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Preferred Stock are as set forth below in this Article IV(B).

1. Dividend Provisions.

(a) The holders of shares of Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Class A Common Stock or Class B Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Class A Common Stock or Class B Common Stock of this corporation) on the Class A Common Stock or Class B Common Stock of this corporation, at the applicable Dividend Rate (as defined below), payable when, as and if declared by the Board of Directors. Such dividends shall not be cumulative. The holders of the outstanding Preferred Stock can waive any dividend preference that such holders shall be entitled to receive under this Section 1 upon the affirmative vote or written consent of the holders of a

majority of the shares of Preferred Stock then outstanding (voting together as a single class and not as separate series, and on an as-converted basis); provided, however, that (i) only the holders of a majority of the shares of Series D Preferred Stock then outstanding can waive a dividend preference with respect to the Series D Preferred Stock that such holders are entitled to receive under this Section 1, (ii) only the holders of a majority of the shares of Series E Preferred Stock then outstanding can waive a dividend preference with respect to the Series E Preferred Stock that such holders are entitled to receive under this Section 1, and (iii) only the holders of at least fifty-five percent (55%) of the shares of Series F Preferred Stock then outstanding can waive a dividend preference with respect to the Series F Preferred Stock that such holders are entitled to receive under this Section 1. For purposes of this subsection 1(a), "Dividend Rate" shall mean $0.02 per annum for each share of Series A Preferred Stock, $0.02842 per annum for each share of Series B Preferred Stock, $0.04434 per annum for each share of Series C Preferred Stock, $0.13317 per annum for each share of Series D Preferred Stock, $0.43324 per annum for each share of Series E Preferred Stock and $1.15521 per annum for each share of Series F Preferred Stock (each as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like).

(b) After payment of such dividends, any additional dividends or distributions shall be distributed among all holders of Class A Common Stock, Class B Common Stock and Preferred Stock in proportion to the number of shares of Class A Common Stock and Class B Common Stock that would be held by each such holder if all shares of Preferred Stock were converted to Class B Common Stock at the then effective conversion rate.

2. Liquidation Preference.

(a) In the event of any Liquidation Event (as defined below), either voluntary or involuntary, any distribution of the proceeds or assets of this corporation available for distribution to its stockholders (the "Proceeds") shall be distributed in the following order of priority:

(i) The holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock shall be entitled to receive, on a *pari passu* basis, and prior and in preference to any distribution of the Proceeds of such Liquidation Event to the holders of Series A Preferred Stock, Class A Common Stock or Class B Common Stock, by reason of their ownership thereof, an amount per share equal to the sum of the applicable Original Issue Price (as defined below) for each share of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock or Series F Preferred Stock, as applicable, plus all declared but unpaid dividends on such share. If, upon the occurrence of such event, the Proceeds thus distributed among the holders of the Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire Proceeds legally available for distribution shall be distributed ratably among the holders of the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock in proportion to the full preferential amount that each such holder is otherwise entitled to receive under this subsection 2(a)(i).

(ii) After payment has been made to the holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock of the full preferential amount to which they shall be entitled as set forth in subsection 2(a)(i), the holders of shares of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of the Proceeds of such Liquidation Event to the holders of Class A Common Stock or Class B Common Stock, by reason of their ownership thereof, an amount per share equal to the sum of the applicable Original Issue Price for each share of Series A Preferred Stock plus all declared but unpaid dividends on such share. If, upon the occurrence of such event, the Proceeds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire remaining Proceeds legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the full preferential amount that each such holder is otherwise entitled to receive under this subsection 2(a)(ii).

(iii) For purposes of this Sixth Amended and Restated Certificate of Incorporation, "Original Issue Price" shall mean $0.25 per share for each share of Series A Preferred Stock, $0.35528 per share for each share of the Series B Preferred Stock, $0.55427 per share for each share of Series C Preferred Stock, $1.66458 per share for each share of Series D Preferred Stock, $5.41545 per share for each share of Series E Preferred Stock and $14.44018 per share for each share of Series F Preferred Stock (each as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock).

(b) Upon completion of the distribution required by subsections 2(a)(i) and (ii), all of the remaining Proceeds available for distribution to stockholders shall be distributed among the holders of Class A Common Stock and Class B Common Stock pro rata based on the number of shares of Class A Common Stock and Class B Common Stock held by each.

(c) Notwithstanding subsections 2(a) and 2(b), for purposes of determining the amount each holder of shares of Preferred Stock is entitled to receive with respect to a Liquidation Event, each such holder of shares of a series of Preferred Stock shall be deemed to have converted (regardless of whether such holder actually converted) such holder's shares of such series into shares of Class B Common Stock immediately prior to the Liquidation Event if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of Preferred Stock into shares of Class B Common Stock. If any such holder shall be deemed to have converted shares of Preferred Stock into Class B Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of Preferred Stock that have not converted (or have not been deemed to have converted) into shares of Class B Common Stock.

(d) (i) A "Liquidation Event" shall include (A) the closing of the sale, transfer or other disposition of all or substantially all of this corporation's assets, (B) the consummation of the merger, reoganization or consolidation of this corporation with or into another entity (except a merger, reorganization or consolidation in which the holders of capital

stock of this corporation immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of this corporation or the surviving or acquiring entity in substantially the same proportions and having substantially the same rights, preferences, powers, privileges, restrictions, qualifications and limitations as the shares of capital stock of this corporation held by such stockholders as of immediately prior to such transaction), (C) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of this corporation's securities), of this corporation's securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of this corporation (or the surviving or acquiring entity), or (D) a liquidation, dissolution or winding up of this corporation; provided, however, that a transaction shall not constitute a Liquidation Event if its sole purpose is to change the state of this corporation's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held this corporation's securities immediately prior to such transaction. The treatment of any particular transaction or series of related transactions as a Liquidation Event may be waived by the vote or written consent of the holders of a majority of the outstanding Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis); provided, however, the waiver of the treatment of any transaction or series of related transactions as a Liquidation Event (i) with respect to the Series D Preferred Stock shall require the approval of the holders of a majority of the then outstanding shares of Series D Preferred Stock, (ii) with respect to the Series E Preferred Stock shall require the approval of the holders of a majority of the then outstanding shares of Series E Preferred Stock and (iii) with respect to the Series F Preferred Stock shall require the approval of the holders of at least fifty-five percent (55%) of the shares of Series F Preferred Stock.

(ii) In any Liquidation Event, if Proceeds received by this corporation or its stockholders are other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to investment letter or other similar restrictions on free marketability covered by (B) below:

(1) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidation Event;

(2) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidation Event; and

(3) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by this corporation and the holders of a majority of the voting power of all then outstanding shares of Preferred Stock.

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A)(1), (2) or (3) to reflect the approximate fair market value thereof, as mutually determined by this corporation and the holders of a majority of the voting power of all then outstanding shares of such Preferred Stock.

(C) The foregoing methods for valuing non-cash consideration to be distributed in connection with a Liquidation Event shall, with the appropriate approval of the definitive agreements governing such Liquidation Event by the stockholders under the General Corporation Law and Section 6, be superseded by the determination of such value set forth in the definitive agreements governing such Liquidation Event.

(iii) In the event the requirements of this Section 2 are not complied with, this corporation shall forthwith either:

(A) cause the closing of such Liquidation Event to be postponed until such time as the requirements of this Section 2 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 2(d)(iv) hereof.

(iv) This corporation shall give each holder of record of Preferred Stock written notice of such impending Liquidation Event not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 2, and this corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after this corporation has given the first notice provided for herein or sooner than ten (10) days after this corporation has given notice of any material changes provided for herein; provided, however, that subject to compliance with the General Corporation Law such periods may be shortened or waived upon the written consent of the holders of a majority of the voting power of all then outstanding shares of Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis).

3. Redemption. The holders of the shares of the Preferred Stock shall have no right to have such shares redeemed by this corporation.

4. Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of this corporation or any transfer agent for such stock, into such number of

fully paid and nonassessable shares of Class B Common Stock as is determined by dividing the applicable Original Issue Price for such series by the applicable Conversion Price for such series (the conversion rate for a series of Preferred Stock into Class B Common Stock is referred to herein as the "Conversion Rate" for such series), determined as hereafter provided, in effect on the date the certificate is surrendered for conversion. The initial "Conversion Price" per share for each series of Preferred Stock shall be the Original Issue Price applicable to such series as in effect on the Filing Date; provided, however, that the Conversion Price for the Preferred Stock shall be subject to adjustment as set forth in subsection 4(d). In the event of a Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full business day preceding the date fixed for the payment of any such amounts distributable on such Liquidation Event to the holders of Preferred Stock.

(b) Automatic Conversion. Each share of Preferred Stock shall automatically be converted into shares of Class B Common Stock at the applicable Conversion Rate at the time in effect for such series of Preferred Stock immediately upon the earlier of (i) with respect to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock, the closing of this corporation's sale of its Class A Common Stock or Class B Common Stock in a firm commitment underwritten public offering pursuant to a registration statement on Form S-1 under the Securities Act of 1933, as amended (the "Securities Act"), the public offering price of which was not less than $30,000,000 in the aggregate (a "Qualified Public Offering"), (ii) with respect to the Series E Preferred Stock and Series F Preferred Stock, the closing of this corporation's sale of its Class A Common Stock or Class B Common Stock in a firm commitment underwritten public offering pursuant to a registration statement on Form S-1 under the Securities Act, the public offering price of which was not less than $75,000,000 in the aggregate (a "Series E&F Qualified Public Offering"), or (iii)(A) with respect to the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, the date, or the occurrence of an event, specified by vote or written consent or agreement of the holders of a majority of the then outstanding shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis), (B) with respect to the Series D Preferred Stock, the date, or the occurrence of an event, specified by vote or written consent or agreement of the holders of a majority of the then outstanding shares of Series D Preferred Stock, (C) with respect to the Series E Preferred Stock, the date, or the occurrence of an event, specified by vote or written consent or agreement of the holders of a majority of the then outstanding shares of Series E Preferred Stock, and (D) with respect to the Series F Preferred Stock, the date, or the occurrence of an event, specified by vote or written consent or agreement of the holders of at least fifty-five percent (55%) of the shares of Series F Preferred Stock.

(c) Mechanics of Conversion. Before any holder of Preferred Stock shall be entitled to voluntarily convert the same into shares of Class B Common Stock, such holder shall surrender the certificate or certificates therefor (if any), duly endorsed, at the office of this corporation or of any transfer agent for the Preferred Stock, and shall give written notice to this corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the shares of Class B Common Stock are to be registered on the books of this corporation. This corporation shall, as soon as practicable thereafter, (i) register such shares of Class B Common Stock in book entry form, (ii) pay in cash such amount as provided in subsection 4(g) in lieu of any fraction of a share of Class B Common

Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted. Such conversion shall be deemed to have been made immediately prior to the close of business on the date set forth for conversion in the written notice of the election to convert irrespective of the surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class B Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Class B Common Stock upon conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities. If the conversion is in connection with the Automatic Conversion provisions of subsection 4(b)(iii) above, such conversion shall be deemed to have been made on the conversion date described in the stockholder resolutions approving such conversion, and the persons entitled to receive shares of Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holders of such shares of Class B Common Stock as of such date.

(d) Conversion Price Adjustments of Preferred Stock for Certain Dilutive Issuances, Splits and Combinations. The Conversion Price of the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock shall be subject to adjustment from time to time as follows:

(i) (A) If this corporation shall issue, on or after the Filing Date, any Additional Stock (as defined below) without consideration or for a consideration per share less than the Conversion Price applicable to the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock or the Series F Preferred Stock, as applicable, in effect immediately prior to the issuance of such Additional Stock, the Conversion Price for such series in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this subsection 4(d)(i)) be adjusted to a price (calculated to the nearest one thousandth of a cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding (as defined below) immediately prior to such issuance plus the number of shares of Class A Common Stock or Class B Common Stock that the aggregate consideration received by this corporation for such issuance would purchase at such Conversion Price; and the denominator of which shall be the number of shares of Common Stock Outstanding immediately prior to such issuance plus the number of shares of such Additional Stock. For purposes of this subsection 4(d)(i)(A), the term "Common Stock Outstanding" shall mean and include the following: (1) outstanding Class A Common Stock and Class B Common Stock, (2) Class B Common Stock issuable upon conversion of outstanding Preferred Stock, (3) Class A Common Stock and Class B Common Stock issuable upon exercise of outstanding stock options, and (4) Class A Common Stock and Class B Common Stock issuable upon exercise (and, in the case of warrants to purchase Preferred Stock, conversion) of outstanding warrants. Shares described in (1) through (4) above shall be included whether vested or unvested, whether contingent or non-contingent and whether exercisable or not yet exercisable. In the event that this corporation issues or sells, or is deemed to have issued or sold, shares of Additional Stock that results in an adjustment to a Conversion

Price pursuant to the provisions of this subsection 4(d) (the "First Dilutive Issuance"), and this corporation then issues or sells, or is deemed to have issued or sold, shares of Additional Stock in a subsequent issuance other than the First Dilutive Issuance that would result in further adjustment to a Conversion Price (a "Subsequent Dilutive Issuance") pursuant to the same instruments as the First Dilutive Issuance, then and in each such case upon a Subsequent Dilutive Issuance the applicable Conversion Price for each series of Preferred Stock shall be reduced to the applicable Conversion Price that would have been in effect had the First Dilutive Issuance and each Subsequent Dilutive Issuance all occurred on the closing date of the First Dilutive Issuance.

(B) No adjustment of the Conversion Price for the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock or the Series F Preferred Stock, as applicable, shall be made in an amount less than one tenth of one cent per share. Except to the limited extent provided for in subsections 4(d)(i)(E)(3) and (4), no adjustment of such Conversion Price pursuant to this subsection 4(d)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Additional Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by this corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of the Additional Stock for consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair market value thereof as determined by the Board of Directors irrespective of any accounting treatment.

(E) In the case of the issuance of options to purchase or rights to subscribe for Class A Common Stock or Class B Common Stock, securities by their terms convertible into or exchangeable for Class A Common Stock or Class B Common Stock, or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for purposes of determining the number of shares of Additional Stock issued and the consideration paid therefor:

(1) The aggregate maximum number of shares of Class A Common Stock or Class B Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options to purchase or rights to subscribe for Class A Common Stock or Class B Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 4(d)(i)(C) and (D)), if any, received by this corporation upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights (without taking into account potential Conversion Price adjustments) for the Class A Common Stock or Class B Common Stock covered thereby.

(2) The aggregate maximum number of shares of Class A Common Stock or Class B Common Stock deliverable upon conversion of, or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for, any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by this corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by this corporation (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 4(d)(i)(C) and (D)).

(3) In the event of any change in the number of shares of Class A Common Stock or Class B Common Stock deliverable or in the consideration payable to this corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, the Conversion Price of the Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Class A Common Stock or Class B Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price of the Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Class A Common Stock or Class B Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(5) The number of shares of Additional Stock deemed issued and the consideration deemed paid therefor pursuant to subsections 4(d)(i)(E)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either subsection 4(d)(i)(E)(3) or (4).

(ii) "Additional Stock" shall mean any shares of Class A Common Stock or Class B Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) by this corporation on or after the Filing Date other than (each of (A) through (J) constituting "Exempted Securities"):

(A) Class A Common Stock issued or issuable upon conversion of Class B Common Stock;

(B) Class A Common Stock or Class B Common Stock issued pursuant to a transaction described in subsection 4(d)(iii) hereof;

(C) Class A Common Stock or Class B Common Stock issued to employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their services pursuant to plans or agreements approved by the Board of Directors;

(D) Class A Common Stock or Class B Common Stock issued pursuant to a Qualified Public Offering or a Series E&F Qualified Public Offering; provided, however, that (i) the approval of the holders of a majority of the outstanding shares of Series E Preferred Stock shall be required for Class A Common Stock or Class B Common Stock issued pursuant to a Qualified Public Offering that is not a Series E&F Qualified Public Offering to be treated as "Exempted Securities" with respect to the Series E Preferred Stock for purposes of this subsection 4(d)(ii)(D) and (ii) the approval of the holders of at least fifty-five percent (55%) of the outstanding shares of Series F Preferred Stock shall be required for Class A Common Stock or Class B Common Stock issued pursuant to a Qualified Public Offering that is not a Series E&F Qualified Public Offering to be treated as "Exempted Securities" with respect to the Series F Preferred Stock for purposes of this subsection 4(d)(ii)(D);

(E) Class A Common Stock or Class B Common Stock issued pursuant to the conversion or exercise of convertible or exercisable securities outstanding on the Filing Date;

(F) Class A Common Stock or Class B Common Stock issued in connection with a bona fide business acquisition by this corporation, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise;

(G) Class B Common Stock issued or deemed issued pursuant to subsection 4(d)(i)(E) as a result of a decrease in the Conversion Price of any series of Preferred Stock resulting from the operation of subsection 4(d);

(H) Class B Common Stock issued upon conversion of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock;

(I) Class A Common Stock or Class B Common Stock issued pursuant to any equipment leasing arrangement or debt financing arrangement, which arrangement is approved by the Board of Directors and is primarily for non-equity financing purposes; or

(J) Class A Common Stock or Class B Common Stock that is issued with the unanimous approval of the Board of Directors and such approval specifically states that it shall not be Additional Stock, provided, however, that (i) the approval of the holders of a majority of the outstanding shares of Series E Preferred Stock shall be required for such Class A Common Stock or Class B Common Stock to be treated as "Exempted Securities" with respect to the Series E Preferred Stock for purposes of this subsection 4(d)(ii)(J), and (ii) the approval of the holders of at least fifty-five percent (55%) of the outstanding shares

of Series F Preferred Stock shall be required for such Class A Common Stock or Class B Common Stock to be treated as "Exempted Securities" with respect to the Series F Preferred Stock for purposes of this subsection 4(d)(ii)(J).

(iii) In the event this corporation should at any time or from time to time after the Filing Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Class A Common Stock or Class B Common Stock or the determination of holders of Class A Common Stock or Class B Common Stock entitled to receive a dividend or other distribution payable in additional shares of Class A Common Stock or Class B Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Class A Common Stock or Class B Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Class A Common Stock or Class B Common Stock or the Common Stock Equivalents (including the additional shares of Class A Common Stock or Class B Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price for each series of Preferred Stock shall be appropriately decreased so that the number of shares of Class B Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of shares of Class A Common Stock or Class B Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(iv) If the number of shares of Class A Common Stock or Class B Common Stock outstanding at any time after the Filing Date is decreased by a combination of the outstanding shares of Class A Common Stock or Class B Common Stock, then, following the record date of such combination, the Conversion Price for each series of the Preferred Stock shall be appropriately increased so that the number of shares of Class B Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(e) Other Distributions. In the event this corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 4(d)(iii), then, in each such case for the purpose of this subsection 4(e), the holders of the Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Class B Common Stock of this corporation into which their shares of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Class A Common Stock or Class B Common Stock of this corporation entitled to receive such distribution.

(f) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Class A Common Stock or Class B Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 4 or in Section 2) provision shall be made so that the holders of the Preferred Stock shall thereafter be entitled to receive upon conversion of the Preferred Stock the number of shares of stock or other securities or property of this corporation or otherwise, to which a holder of Class B Common Stock deliverable upon conversion would have been entitled on such recapitalization.

In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Preferred Stock after the recapitalization to the end that the provisions of this Section 4 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Preferred Stock) shall be applicable after that event as nearly equivalently as may be practicable.

(g) No Fractional Shares and Certificate as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Preferred Stock and the aggregate number of shares of Class B Common Stock to be issued to particular stockholders shall be rounded down to the nearest whole share and this corporation shall pay in cash the fair market value of any fractional shares as of the time when entitlement to receive such fractions is determined. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Class B Common Stock and the number of shares of Class B Common Stock issuable upon such conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of any series of Preferred Stock pursuant to this Section 4, this corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of such series of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price for such series of Preferred Stock at the time in effect and (C) the number of shares of Class B Common Stock and the amount, if any, of other property that at the time would be received upon the conversion of a share of Preferred Stock.

(h) Notices of Record Date. In the event of any taking by this corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, this corporation shall furnish to each holder of Preferred Stock, at least ten (10) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution, and the amount and character of such dividend or distribution.

(i) Reservation of Stock Issuable Upon Conversion. This corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class B Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Class B Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Class B Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, in addition to such other remedies as shall be available to the holder of such Preferred Stock, this corporation will take such corporate action as may, in the opinion of its counsel, be necessary to

increase its authorized but unissued shares of Class B Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Sixth Amended and Restated Certificate of Incorporation.

(j) Waiver of Adjustment to Conversion Price. Notwithstanding anything herein to the contrary, any downward adjustment of the Conversion Price of any series of Preferred Stock may be waived, either prospectively or retroactively and either generally or in a particular instance, by the consent or vote of the holders of a majority of the outstanding shares of such series of Preferred Stock; provided, however, that any waiver of any downward adjustment of the Conversion Price of the Series F Preferred Stock shall require the consent or vote of the holders of at least fifty-five percent (55%) of the outstanding shares of Series F Preferred Stock. Any such waiver shall bind all future holders of shares of such series of Preferred Stock.

5. Voting Rights.

(a) General Voting Rights. The holder of each share of Preferred Stock shall have the right to twenty (20) votes for each share of Class B Common Stock into which such Preferred Stock could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Class B Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Amended and Restated Bylaws of this corporation (as amended, the "Bylaws"), and except as provided by law or in subsection 5(b) below with respect to the election of directors by the separate class vote of the holders of Class A Common Stock and Class B Common Stock, shall be entitled to vote, together with holders of Class A Common Stock and Class B Common Stock, with respect to any question upon which holders of Class A Common Stock and Class B Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

(b) Voting for the Election of Directors. The holders of outstanding shares of Series B Preferred Stock, voting exclusively as a separate series, shall be entitled to elect one (1) director of this corporation at any election of directors. The holders of outstanding shares of Series C Preferred Stock, voting exclusively as a separate series, shall be entitled to elect one (1) director of this corporation at any election of directors. The holders of outstanding shares of Series F Preferred Stock, voting exclusively as a separate series, shall be entitled to elect one (1) director of this corporation at any election of directors. The holders of a majority of the voting power of the outstanding shares of Class A Common Stock and Class B Common Stock, voting together as a single class and not as separate series, shall be entitled to elect one (1) director of this corporation at any election of directors (the "Common Director"). The holders of a majority of the voting power of the outstanding shares of Preferred Stock, Class A Common Stock and Class B Common Stock (voting together as a single class and not as separate series, and on an as-converted basis) shall be entitled to elect any remaining directors of this corporation.

Notwithstanding the provisions of Section 223(a)(1) and 223(a)(2) of the General Corporation Law, any vacancy, including newly created directorships resulting from any increase in the authorized number of directors or amendment of this Sixth Amended and Restated Certificate of Incorporation, and vacancies created by removal or resignation of a director, may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced; provided, however, that where such vacancy occurs among the directors elected by the holders of a class or series of stock, the holders of shares of such class or series may override the Board of Directors' action to fill such vacancy by (i) voting for their own designee to fill such vacancy at a meeting of this corporation's stockholders or (ii) written consent, if the consenting stockholders hold a sufficient number of shares to elect their designee at a meeting of the stockholders. Any director may be removed during his or her term of office, either with or without cause, by, and only by, the affirmative vote of the holders of the shares of the class or series of stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders, and any vacancy thereby created may be filled by the holders of that class or series of stock represented at the meeting or pursuant to written consent.

6. Protective Provisions.

(a) So long as any shares of Preferred Stock remain outstanding, this corporation shall not (and shall cause any subsidiary of this corporation not to), directly or indirectly (whether by amendment, merger, consolidation, reclassification, conversion, acquisition or otherwise), without (in addition to any other vote required by law or this Sixth Amended and Restated Certificate of Incorporation) first obtaining the approval by vote or written consent, as provided by law, of the holders of a majority of the then outstanding shares of Preferred Stock (voting together as a single class and not as a separate series, and on an as-converted basis), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) consummate a Liquidation Event or effect any other merger or consolidation;

(ii) amend, alter or repeal any provision of this corporation's Sixth Amended and Restated Certificate of Incorporation or Bylaws;

(iii) increase or decrease (other than by redemption or conversion) the total number of authorized shares of Class A Common Stock, Class B Common Stock or Preferred Stock or designated shares of any series of Preferred Stock;

(iv) authorize or issue any equity security (including any other security convertible into or exercisable for any such equity security) having a preference over, or being on a parity with, any series of Preferred Stock with respect to dividends, liquidation or redemption, other than the issuance of any authorized but unissued shares of Preferred Stock designated in this Sixth Amended and Restated Certificate of Incorporation (including any security convertible into or exercisable for such shares of Preferred Stock);

(v) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any share or shares of Preferred Stock, Class A Common Stock or Class B Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Class A Common Stock or Class B Common Stock from employees, officers, directors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment or service, or pursuant to a right of first refusal;

(vi) change the authorized number of directors of this corporation;

(vii) pay or declare any dividend on any shares of capital stock of this corporation; or

(viii) create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by this corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of this corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary.

(b) Series D Preferred Stock Protective Provisions. For so long as at least 4,500,000 shares of Series D Preferred Stock (as adjusted for any stock dividend, stock split or combination with respect to such shares) are outstanding, this corporation shall not (and shall cause any subsidiary of this corporation not to), directly or indirectly (whether by amendment, merger, consolidation, reclassification, conversion, acquisition or otherwise), without (in addition to any other vote required by law or this Sixth Amended and Restated Certificate of Incorporation) first obtaining the approval by vote or written consent, as provided by law, of the holders of a majority of the then outstanding shares of Series D Preferred Stock (voting as a separate series), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) authorize or issue any equity security (including any other security convertible into or exercisable for any such equity security) having a preference senior to the Series D Preferred Stock with respect to liquidation;

(ii) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any share or shares of Preferred Stock, Class A Common Stock or Class B Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Class A Common Stock or Class B Common Stock from employees, officers, directors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment or service, or pursuant to a right of first refusal;

(iii) consummate a Liquidation Event; provided, however, that this restriction shall not apply to a Liquidation Event (A) which results in consideration of at least $4.9937 in exchange for each share of Series D Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like), or (B) which is approved on or after August 30, 2021;

(iv) amend, alter, waive, eliminate or repeal (A) any provision of this Sixth Amended and Restated Certificate of Incorporation or the Bylaws, in any manner that modifies the rights, powers or preferences of the Series D Preferred Stock in an adverse manner different than the holders of other series of Preferred Stock, (B) any provision of Sections 1, 2, 4(a), 4(b), 4(c), 4(d), 4(f), 4(j) or 6 with respect to the rights of the Series D Preferred Stock, in a manner that is adverse to the holders of Series D Preferred Stock (provided, however, that any amendment to Sections 1, 2, 4(a), 4(b), 4(c), 4(d), 4(f) or 4(j) to provide for the issuance of shares of capital stock shall not in itself be deemed adverse to the holders of Series D Preferred Stock, so long as the required approvals or consents for the issuance of such shares of capital stock are otherwise obtained pursuant to subsections 6(a)(iii), 6(a)(iv), 6(b)(i), 6(c)(i), and 6(d)(i), as applicable), or (C) any provision of Sections 10.2(b)(4), 10.2(b)(6), 11.1(e)(4) and 11.1(e)(6) of the Bylaws and the definitions of "Affiliate", "Competitor" and "Special Purposes Vehicle" set forth in Section 10.2(c) of the Bylaws with respect to the rights of the Series D Preferred Stock, in a manner that is adverse to the holders of Series D Preferred Stock; or

(v) increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series D Preferred Stock.

(c) Series E Preferred Stock Protective Provisions. For so long as at least 6,000,000 shares of Series E Preferred Stock (as adjusted for any stock dividend, stock split or combination with respect to such shares) are outstanding, this corporation shall not (and shall cause any subsidiary of this corporation not to), directly or indirectly (whether by amendment, merger, consolidation, reclassification, conversion, acquisition or otherwise), without (in addition to any other vote required by law or this Sixth Amended and Restated Certificate of Incorporation) first obtaining the approval by vote or written consent, as provided by law, of the holders of a majority of the then outstanding shares of Series E Preferred Stock (voting as a separate series), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) authorize or issue any equity security (including any other security convertible into or exercisable for any such equity security) having a preference senior to the Series E Preferred Stock with respect to liquidation;

(ii) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any share or shares of Preferred Stock, Class A Common Stock or Class B Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Class A Common Stock or Class B Common Stock from employees, officers, directors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment or service, or pursuant to a right of first refusal;

(iii) consummate a Liquidation Event; provided, however, that this restriction shall not apply to a Liquidation Event (A) which results in consideration of at least $8.1232 in exchange for each share of Series E Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like), or (B) which is approved on or after March 31, 2020;

(iv) amend, alter, waive, eliminate or repeal (A) any provision of this Sixth Amended and Restated Certificate of Incorporation or this corporation's Bylaws, in any manner that modifies the rights, powers or preferences of the Series E Preferred Stock in an adverse manner different than the holders of other series of Preferred Stock, (B) any provision of Sections 1, 2, 4(a), 4(b), 4(c), 4(d), 4(f), 4(j) or 6 with respect to the rights of the Series E Preferred Stock, in a manner that is adverse to the holders of Series E Preferred Stock (provided, however, that any amendment to Sections 1, 2, 4(a), 4(b), 4(c), 4(d), 4(f) or 4(j) to provide for the issuance of shares of capital stock shall not in itself be deemed adverse to the holders of Series E Preferred Stock, so long as the required approvals or consents for the issuance of such shares of capital stock are otherwise obtained pursuant to subsections 6(a)(iii), 6(a)(iv), 6(b)(i), 6(c)(i), and 6(d)(i), as applicable), or (C) any provision of Sections 10.2(b)(4), 10.2(b)(7), 10.2(b)(9), 11.1(e)(4), 11.1(e)(7) and 11.1(e)(9) of the Bylaws and the definitions of "Affiliate", "Competitor" and "Special Purposes Vehicle" set forth in Section 10.2(c) of the Bylaws with respect to the rights of the Series E Preferred Stock, in a manner that is adverse to the holders of Series E Preferred Stock; or

(v) increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series E Preferred Stock, or issue Series E Preferred Stock other than pursuant to that certain Series E Preferred Stock Purchase Agreement, dated as of March 30, 2017 (as may be amended and/or restated from time to time).

(d) Series F Preferred Stock Protective Provisions. For so long as at least 9,522,000 shares of Series F Preferred Stock (as adjusted for any stock dividend, stock split or combination with respect to such shares) are outstanding, this corporation shall not (and shall cause any subsidiary of this corporation not to), directly or indirectly (whether by amendment, merger, consolidation, reclassification, conversion, acquisition or otherwise), without (in addition to any other vote required by law or this Sixth Amended and Restated Certificate of Incorporation) first obtaining the approval by vote or written consent, as provided by law, of the holders of at least fifty-five percent (55%) of the shares of Series F Preferred Stock (voting as a separate series), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) authorize or issue any equity security (including any other security convertible into or exercisable for any such equity security) having a preference senior to the Series F Preferred Stock with respect to liquidation;

(ii) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any share or shares of Preferred Stock, Class A Common Stock or Class B Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Class A Common Stock or Class B Common Stock from employees, officers, directors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment or service, or pursuant to a right of first refusal;

(iii) consummate a Liquidation Event; provided, however, that this restriction shall not apply to a Liquidation Event (A) which results in consideration of at least $14.44018 in exchange for each share of Series F Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like), or (B) which is approved on or after August 30, 2021;

(iv) amend, alter, waive, eliminate or repeal (A) any provision of this Sixth Amended and Restated Certificate of Incorporation or this corporation's Bylaws, in any manner that modifies the rights, powers or preferences of the Series F Preferred Stock in an adverse manner different than the holders of other series of Preferred Stock, (B) any provision of Sections 1, 2, 4(a), 4(b), 4(c), 4(d), 4(f), 4(j) or 6 with respect to the rights of the Series F Preferred Stock, in a manner that is adverse to the holders of Series F Preferred Stock (provided, however, that any amendment to Sections 1, 2, 4(a), 4(b), 4(c), 4(d), 4(f) or 4(j) to provide for the issuance of shares of capital stock shall not in itself be deemed adverse to the holders of Series F Preferred Stock, so long as the required approvals or consents for the issuance of such shares of capital stock are otherwise obtained pursuant to subsections 6(a)(iii), 6(a)(iv), 6(b)(i), 6(c)(i), and 6(d)(i), as applicable), or (C) any provision of Sections 10.2(b)(4), 10.2(b)(8), 10.2(b)(9), 11.1(e)(4), 11.1(e)(8) and 11.1(e)(9) of the Bylaws and the definitions of "Affiliate", "Competitor" and "Special Purposes Vehicle" set forth in Section 10.2(c) of the Bylaws with respect to the rights of the Series F Preferred Stock, in a manner that is adverse to the holders of Series F Preferred Stock; or

(v) increase or decrease (other than by conversion) the total number of authorized shares of Series F Preferred Stock, or issue Series F Preferred Stock other than pursuant to this corporation's Series F Preferred Stock Purchase Agreement, dated as of August 2, 2018, as may be amended and/or restated from time to time.

7. Status of Converted Stock. In the event any shares of Preferred Stock shall be converted pursuant to Section 4 hereof, the shares so converted shall be cancelled and shall not be issuable by this corporation. The Sixth Amended and Restated Certificate of Incorporation of this corporation shall be appropriately amended to effect the corresponding reduction in this corporation's authorized capital stock.

8. Notices. Any notice required by the provisions of this Article IV(B) to be given to the holders of shares of Preferred Stock shall be deemed given (i) if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his, her or its address appearing on the books of this corporation, (ii) if such notice is provided by electronic transmission in a manner permitted by Section 232 of the General Corporation Law or (iii) if such notice is provided in another manner then permitted by the General Corporation Law.

C. Class A Common Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Class A Common Stock are as set forth below in this Article IV(C).

1. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Class A Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of this corporation legally available therefor, any dividends as may be declared from time to time by the Board of Directors with respect to the Class B Common Stock, and no dividend shall be declared or paid on shares of the Class B Common Stock unless the same dividend with the same record date and payment date shall be declared or paid on the shares of Class A Common Stock; *provided*, *however*, that dividends payable in shares of Class B Common Stock or rights to acquire Class B Common Stock may be declared and paid to the holders of the Class B Common Stock without the same dividend being declared and paid to the holders of the Class A Common Stock if and only if a dividend payable in shares of Class A Common Stock or rights to acquire Class A Common Stock (as the case may be) at the same rate and with the same record date and payment date as the dividend declared and paid to the holders of the Class B Common Stock shall be declared and paid to the holders of Class A Common Stock.

2. Liquidation Rights. Upon a Liquidation Event, the assets of this corporation shall be distributed as provided in Section 2 of Article IV(B) hereof.

3. Redemption. The Class A Common Stock is not redeemable at the option of the holder.

4. Voting Rights. The holder of each share of Class A Common Stock shall have the right to one vote for each such share, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of this corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law; provided, however, that, except as otherwise required by law, holders of Class A Common Stock, as such, shall not be entitled to vote on any amendment to the Sixth Amended and Restated Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Sixth Amended and Restated Certificate of Incorporation or pursuant to the General Corporation Law. Except as expressly provided by this Sixth Amended and Restated Certificate of Incorporation or as provided by law, the holders of shares of Class A Common Stock shall at all times vote together with the holders of Class B Common Stock as a single class on all matters (including the election of directors) submitted to vote or for the consent of the stockholders of this corporation. The number of authorized shares of Class A Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of this corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

5. Subdivisions or Combinations. If this corporation in any manner subdivides or combines the outstanding shares of Class B Common Stock, then the outstanding shares of Class A Common Stock will be subdivided or combined in the same proportion and manner.

6. Equal Status. Except as expressly set forth in Article IV hereof, Class A Common Stock shall have the same rights and powers of, rank equally to, share ratably with and be identical in all respects and as to all matters to Class B Common Stock.

D. Class B Common Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Class B Common Stock are as set forth below in this Article IV(D).

1. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Class B Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of this corporation legally available therefor, any dividends as may be declared from time to time by the Board of Directors with respect to the Class A Common Stock, and no dividend shall be declared or paid on shares of the Class A Common Stock unless the same dividend with the same record date and payment date shall be declared or paid on the shares of Class B Common Stock; *provided*, *however*, that dividends payable in shares of Class A Common Stock or rights to acquire Class A Common Stock may be declared and paid to the holders of the Class A Common Stock without the same dividend being declared and paid to the holders of the Class B Common Stock if and only if a dividend payable in shares of Class B Common Stock or rights to acquire Class B Common Stock (as the case may be) at the same rate and with the same record date and payment date as the dividend declared and paid to the holders of the Class A Common Stock shall be declared and paid to the holders of Class B Common Stock.

2. Liquidation Rights. Upon a Liquidation Event, the assets of this Corporation shall be distributed as provided in Section 2 of Article IV(B) hereof.

3. Redemption. The Class B Common Stock is not redeemable at the option of the holder.

4. Voting Rights. The holder of each share of Class B Common Stock shall have the right to twenty (20) votes for each such share, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of this corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law; provided, however, that, except as otherwise required by law, holders of Class B Common Stock, as such, shall not be entitled to vote on any amendment to the Sixth Amended and Restated Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Sixth Amended and Restated Certificate of Incorporation or pursuant to the General Corporation Law. Except as expressly provided by this Sixth Amended and Restated Certificate of Incorporation or as provided by law, the holders of shares of Class B Common Stock shall at all times vote together with the holders of Class A Common Stock as a single class on all matters (including the election of directors) submitted to vote or for the consent of the stockholders of this corporation. The number of

authorized shares of Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of this corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

5. Conversion.

(a) Rights to Convert. Each share of Class B Common Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of this corporation or any transfer agent for the Class B Common Stock, into one fully-paid, nonassessable share of Class A Common Stock. Before any holder of Class B Common Stock shall be entitled to convert any of such holder's shares of such Class B Common Stock into shares of Class A Common Stock, such holder shall deliver an instruction, duly signed and authenticated in accordance with any procedures set forth in the Bylaws of this corporation or any policies of this corporation then in effect, at the principal corporate office of this corporation or of any transfer agent for the Class B Common Stock, and shall give written notice to this corporation at its principal corporate office of such holder's election to convert the same and shall state therein the name or names in which the shares of Class A Common Stock issuable on conversion thereof are to be registered on the books of this corporation. This corporation shall, as soon as practicable thereafter, register on this corporation's books ownership of the number of shares of Class A Common Stock to which such record holder of Class B Common Stock, or to which the nominee or nominees of such record holder, shall be entitled as aforesaid. Such conversion shall be deemed to have occurred immediately prior to the close of business on the date such notice of the election to convert is received by this corporation, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date.

(b) Automatic Conversion. Each share of Class B Common Stock shall automatically, without further action by this corporation or the holder thereof, be converted into one fully-paid, nonassessable share of Class A Common Stock immediately prior to the close of business on the earlier of the date (i) that is ten (10) years from the closing date of the Series E&F Qualified Public Offering (the "IPO Closing Date"), (ii) on which the outstanding shares of Class B Common Stock represent less than one percent (1%) of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding or (iii) specified by the affirmative vote, on or after the IPO Closing Date, of the holders of Class B Common Stock representing not less than two-thirds (2/3) of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class (each of the events referred to in (i), (ii) and (iii) are referred to herein as a "Class B Common Stock Automatic Conversion Event"). This corporation shall provide notice of a Class B Common Stock Automatic Conversion Event pursuant to this Section 5(b) to record holders of such shares of Class B Common Stock as soon as practicable following the Class B Common Stock Automatic Conversion Event. Such notice shall be provided by any means then permitted by the General Corporation Law; *provided*, *however*, that no failure to give such notice nor any defect therein shall affect the validity of the Class B Common Stock Automatic Conversion Event. Upon and after the Class B Common Stock Automatic Conversion Event, the person registered on this corporation's books as the record holder of the shares of Class B Common Stock so converted immediately prior to the

Class B Common Stock Automatic Conversion Event shall be registered on this corporation's books as the record holder of the shares of Class A Common Stock issued upon conversion of such shares of Class B Common Stock, without further action on the part of the record holder thereof. Immediately upon the effectiveness of the Class B Common Stock Automatic Conversion Event, the rights of the holders of shares of Class B Common Stock as such shall cease, and the holders shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock into which such shares of Class B Common Stock were converted.

(c) Conversion on Transfer. On or after the IPO Date, each share of Class B Common Stock shall automatically, without further action by this corporation or the holder thereof, be converted into one fully-paid, nonassessable share of Class A Common Stock, upon the occurrence of a Transfer (as defined below), other than a Permitted Transfer (as defined below), of such share of Class B Common Stock.

(d) Policies and Procedures. This corporation may, from time to time, establish such policies and procedures, not in violation of applicable law or this Sixth Amended and Restated Certificate of Incorporation or the Bylaws of this corporation, relating to the conversion of shares of the Class B Common Stock into shares of Class A Common Stock as it may deem necessary or advisable. If this corporation has reason to believe that a Transfer that is not a Permitted Transfer has occurred, this corporation may request that the purported transferor furnish affidavits or other evidence to this corporation as it reasonably deems necessary to determine whether a Transfer that is not a Permitted Transfer has occurred, and if such transferor does not within ten (10) days after the date of such request furnish sufficient (as determined by the Board of Directors) evidence to this corporation (in the manner provided in the request) to enable this corporation to determine that no such Transfer has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock and such conversion shall thereupon be registered on the books and records of this corporation. In connection with any action of stockholders taken at a meeting or by written consent, the stock ledger of this corporation shall be presumptive evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders or in connection with any written consent and the classes of shares held by each such stockholder and the number of shares of each class held by such stockholder.

(e) Definitions.

(i) "Convertible Security" shall mean any evidences of indebtedness, shares of Preferred Stock or other securities (other than shares of Class B Common Stock) convertible into or exchangeable for Class A Common Stock or Class B Common Stock, either directly or indirectly.

(ii) "Family Member" shall mean with respect to any natural person who is a Qualified Stockholder, the spouse, domestic partner, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings of such Qualified Stockholder. Lineal descendants shall include adopted persons, but only so long as they are adopted while a minor.

(iii) "Options" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Class A Common Stock, Class B Common Stock or Convertible Securities (as defined above).

(iv) "Parent" of an entity shall mean any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

(v) "Permitted Entity" shall mean with respect to a Qualified Stockholder: (a) a Permitted Trust solely for the benefit of (1) such Qualified Stockholder, (2) one or more Family Members of such Qualified Stockholder, or (3) any other Permitted Entity of such Qualified Stockholder; or (b) any general partnership, limited partnership, limited liability company, corporation or other entity exclusively owned by (1) such Qualified Stockholder; (2) one or more Family Members of such Qualified Stockholder; or (3) any other Permitted Entity of such Qualified Stockholder.

(vi) "Permitted Transfer" shall mean, and be restricted to, any Transfer of a share of Class B Common Stock:

(A) by a Qualified Stockholder to (A) one or more Family Members of such Qualified Stockholder, (B) any Permitted Entity of such Qualified Stockholder, or (C) to such Qualified Stockholder's revocable living trust, which revocable living trust is itself both a Permitted Trust and a Qualified Stockholder; or

(B) by a Permitted Entity of a Qualified Stockholder to (A) such Qualified Stockholder or one or more Family Members of such Qualified Stockholder, or (B) any other Permitted Entity of such Qualified Stockholder.

(vii) "Permitted Transferee" shall mean a transferee of shares of Class B Common Stock received in a Permitted Transfer.

(viii) "Permitted Trust" shall mean a bona fide trust where each trustee is (i) a Qualified Stockholder, (ii) a Family Member or (iii) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies and bank trust departments.

(ix) "Qualified Stockholder" shall mean: (i) the record holder of a share of Class B Common Stock as of the date of the effectiveness of the registration statement filed under the Securities Act relating to the Series E&F Qualified Public Offering (the "IPO Date"); (ii) the initial registered holder of any shares of Class B Common Stock that are originally issued by this corporation after the IPO Date pursuant to the exercise or conversion of any Option or Convertible Security that, in each case, is outstanding as of the IPO Date; (iii) each natural person who, prior to the IPO Date, Transferred shares of capital stock of this corporation to a Permitted Entity that is or becomes a Qualified Stockholder; (iv) each natural person who Transferred shares of, or equity awards for, Class B Common Stock (including any Option exercisable or Convertible Security exchangeable for or convertible into shares of Class B Common Stock) to a Permitted Entity that is or becomes a Qualified Stockholder; and (v) a Permitted Transferee.

(x) "Transfer" of a share of Class B Common Stock shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control over such share by proxy or otherwise; *provided*, *however*, that the following shall not be considered a "Transfer" within the meaning of this Section 5:

(A) the granting of a revocable proxy to officers or directors of this corporation at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders;

(B) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of this corporation, (B) either has a term not exceeding one year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(C) entering into a voting trust, agreement or arrangement (with or without granting a proxy) pursuant to a written agreement to which this corporation is a party;

(D) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a Transfer unless such foreclosure or similar action qualifies as a Permitted Transfer;

(E) the fact that, as of the IPO Date or at any time after the IPO Date, the spouse of any holder of Class B Common Stock possesses or obtains an interest in such holder's shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a Transfer of such shares of Class B Common Stock; provided that any transfer of shares by any holder of shares of Class B Common Stock to such holder's spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a "Transfer" of such shares of Class B Common Stock unless otherwise exempt from the definition of Transfer;

(F) entering into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, with a broker or other nominee; provided, however, that a sale of such shares of Class B Common Stock pursuant to such plan shall constitute a "Transfer" at the time of such sale; or

(G) in connection with a merger or consolidation of this corporation with or into any other entity, or in the case of any other transaction having an effect on stockholders substantially similar to that resulting from a merger or consolidation, that has been approved by the Board of Directors, the entering into a support, voting, tender or similar agreement or arrangement (in each case, with or without the grant of a proxy) that has also been approved by the Board of Directors.

A Transfer shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (i) an entity that is a Permitted Entity, if there occurs any act or circumstance that causes such entity to no longer be a Permitted Entity or (ii) an entity that is a Qualified Stockholder, if, in either case, there occurs a Transfer on a cumulative basis, from and after the IPO Date, of a majority of the voting power of the voting securities of such entity or any direct or indirect Parent of such entity, other than a Transfer to parties that are, as of the IPO Date, holders of voting securities of any such entity or Parent of such entity.

(xi) "Voting Control" shall mean, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

(f) Status of Converted Stock. In the event any shares of Class B Common Stock are converted into shares of Class A Common Stock pursuant to this Section 5, the shares of Class B Common Stock so converted shall be retired and shall not be reissued by this corporation.

(g) Reservation. This corporation shall at all times reserve and keep available, out of its authorized and unissued shares of Class A Common Stock, solely for the purpose of effecting conversions of shares of Class B Common Stock into Class A Common Stock, such number of duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of Class B Common Stock. If at any time the number of authorized and unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Class B Common Stock, this corporation shall promptly take such corporate action as may be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, obtaining the requisite stockholder approval of any necessary amendment to this Sixth Amended and Restated Certificate of Incorporation. All shares of Class A Common Stock which are so issuable shall, when issued, be duly and validly issued, fully paid and nonassessable shares. This corporation shall take all such action as may be necessary to ensure that all such shares of Class A Common Stock may be so issued without violation of any applicable law or regulation.

6. Subdivisions or Combinations. If this corporation in any manner subdivides or combines the outstanding shares of Class A Common Stock, then the outstanding shares of Class B Common Stock will be subdivided or combined in the same proportion and manner.

7. Equal Status. Except as expressly set forth in Article IV hereof, Class B Common Stock shall have the same rights and powers of, rank equally to, share ratably with and be identical in all respects and as to all matters to Class A Common Stock.

8. Amendments and Changes. This corporation shall not, without first obtaining the approval (by vote or written consent as provided by law) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock (voting together as a single class) amend, alter, repeal or waive the provisions of Article IV(B)(5)(b) relating to the Common Director, Article IV(C), or Article IV(D) of this Sixth Amended and Restated Certificate of Incorporation in a manner that adversely affects the rights of the holders of the Class A Common Stock or Class B Common Stock.

ARTICLE V

Except as otherwise provided in this Sixth Amended and Restated Certificate of Incorporation, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of this corporation.

ARTICLE VI

The number of directors of this corporation shall be determined in the manner set forth in the Bylaws of this corporation.

ARTICLE VII

Elections of directors need not be by written ballot unless the Bylaws of this corporation shall so provide.

ARTICLE VIII

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of this corporation may provide. The books of this corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of this corporation.

ARTICLE IX

A director of this corporation shall not be personally liable to this corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to this corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law or (iv) for any transaction from which the director derived any improper personal benefit. If the General Corporation Law is amended after approval by the stockholders of this Article IX to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of this corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any amendment, repeal or modification of the foregoing provisions of this Article IX by the stockholders of this corporation shall not adversely affect any right or protection of a director of this corporation existing at the time of, or increase the liability of any director of this corporation with respect to any acts or omissions of such director occurring prior to, such amendment, repeal or modification.

ARTICLE X

This corporation reserves the right to amend, alter, change or repeal any provision contained in this Sixth Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE XI

To the fullest extent permitted by applicable law, this corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers, employees and agents of this corporation (and any other persons to which General Corporation Law permits this corporation to provide indemnification) through Bylaw provisions, agreements with such persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law, subject only to limits created by applicable General Corporation Law (statutory or non-statutory), with respect to actions for breach of duty to this corporation, its stockholders, and others.

Any amendment, repeal or modification of the foregoing provisions of this Article XI shall not adversely affect any right or protection of a director, officer, employee, agent or other person existing at the time of, or increase the liability of any such person with respect to any acts or omissions of such person occurring prior to, such amendment, repeal or modification.

ARTICLE XII

To the fullest extent permitted by law, the doctrine of corporate opportunity and any analogous doctrine shall not apply to any stockholder, director, officer or any other person or entity in each case who is not a full-time employee of this 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). This corporation renounces any interest or expectancy of this corporation in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to any stockholder, director or officer or any other person or entity in each case who is not a full-time employee of this 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). Each stockholder, director, officer or any other person or entity in each case who is not a full-time employee of this 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) who acquires knowledge of a potential circumstance, transaction, agreement, arrangement or other matter that may be an opportunity for this corporation shall not (a) have any duty to communicate or offer such opportunity to this corporation and (b) shall not be liable to this corporation, its subsidiaries or to the stockholders of this corporation because such stockholder, director, officer or other person or entity in each case who is not a full-time employee of this corporation or 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) pursues or acquires for, or directs such opportunity to, itself or another person or entity or does not communicate such opportunity or information to this corporation.

ARTICLE XIII

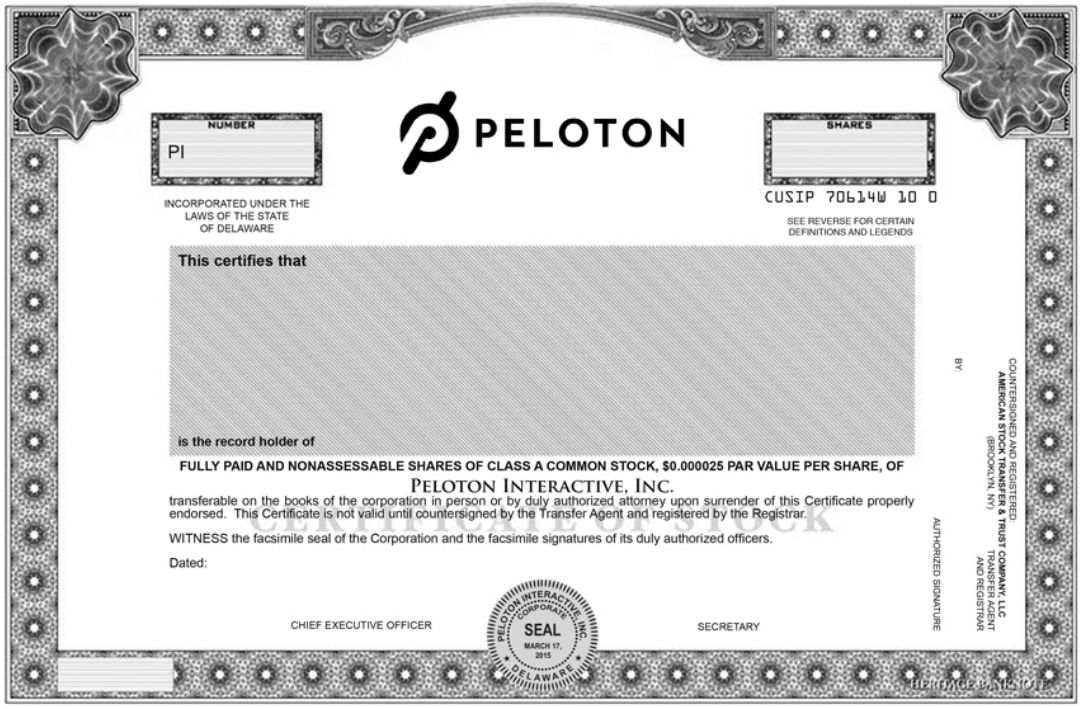
Unless this corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of this corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any director, officer, stockholder, employee or agent of this corporation to this corporation or this corporation's stockholders, (iii) any action asserting a claim against this corporation arising pursuant to any provision of the General Corporation Law or this Sixth Amended and Restated Certificate of Incorporation or the Bylaws, (iv) any action to interpret, apply, enforce or determine the validity of this Sixth Amended and Restated Certificate of Incorporation or the Bylaws of this corporation (as either may be amended from time to time), or (v) any action asserting a claim against this corporation governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of this corporation shall be deemed to have notice of and to have consented to the provisions of this Article XIII.

(Signature Page Follows)

IN WITNESS WHEREOF, this Sixth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 9th day of September, 2019.

/s/ John Foley
John Foley, Chief Executive Officer

SIGNATURE PAGE TO SIXTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION FOR PELOTON INTERACTIVE, INC.



NUMBER

PI

PELOTON

SHARES

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

CUSIP 70614W 10 0

SEE REVERSE FOR CERTAIN DEFINITIONS AND LEGENDS

This certifies that

is the record holder of

FULLY PAID AND NONASSESSABLE SHARES OF CLASS A COMMON STOCK, $0.000025 PAR VALUE PER SHARE, OF

PELOTON INTERACTIVE, INC.

transferable on the books of the corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

CERTIFICATE OF STOCK

CHIEF EXECUTIVE OFFICER

PELOTON INTERACTIVE, INC. CORPORATE SEAL MARCH 17, 2015 DELAWARE

SECRETARY

BY:

AUTHORIZED SIGNATURE

COUNTERSIGNED AND REGISTERED:
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
(BROOKLYN, NY)
TRANSFER AGENT
AND REGISTRAR

THE HERITAGE BANKNOTE

The Corporation shall furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock of the Corporation or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN,OR DESTROYED THE CORPORATION WILL REQUIRE A BOND INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	–	as tenants in common
TEN ENT	–	as tenants by the entireties
JT TEN	–	as joint tenants with right of survivorship and not as tenants in common
COM PROP	–	as community property

UNIF GIFT MIN ACT – ..... Custodian .....
(Cust) (Minor)
under Uniform Gifts to Minors Act.....
(State)

UNIF TRF MIN ACT – ..... Custodian (until age .....)
(Cust)
..... under Uniform Transfers
(Minor)
to Minors Act.....
(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ shares of the capital stock represented by within Certificate, and do hereby irrevocably constitute and appoint

_____ attorney-in-fact to transfer the said stock on the books of the within named Corporation with full power of the substitution in the premises.

Dated _____

X _____

X _____

Signature(s) Guaranteed:

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

By _____

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15. GUARANTEES BY A NOTARY PUBLIC ARE NOT ACCEPTABLE. SIGNATURE GUARANTEES MUST NOT BE DATED.

Exhibit 5.1

Fenwick
FENWICK & WEST LLP
902 BROADWAY, SUITE 14 NEW YORK, NY 10010-6035
TEL 212.430.2600 WWW.FENWICK.COM

September 10, 2019

Peloton Interactive, Inc.
125 West 25th Street, 11th Floor
New York, New York, 10001

Ladies and Gentlemen:

At your request, we have examined the Registration Statement on Form S-1 (File Number 333-233482) (the "***Registration Statement***") initially filed by Peloton Interactive, Inc., a Delaware corporation (the "***Company***"), with the Securities and Exchange Commission (the "***Commission***") on August 27, 2019, as subsequently amended on September 10, 2019, in connection with the registration under the Securities Act of 1933, as amended (the "***Securities Act***"), of an aggregate of 46,000,000 shares (the "***Stock***") of the Company's Class A Common Stock (the "***Class A Common Stock***").

In rendering this opinion, we have examined such matters of fact as we have deemed necessary in order to render the opinion set forth herein, which included examination of the following:

(1) The Company's Sixth Amended and Restated Certificate of Incorporation, filed with and certified by the Secretary of State of the State of Delaware on September 9, 2019 (the "***Restated Certificate***"), and the Restated Certificate of Incorporation that the Company intends to file and that will be effective upon the consummation of the sale of the Stock (the "***Post-Effective Restated Certificate***").

(2) The Company's Bylaws, as amended to date, certified to us as of the date hereof by an officer of the Company as being complete and in full force and effect as of the date hereof (the "***Bylaws***") and the Restated Bylaws that the Company has adopted in connection with, and that will be effective upon, the consummation of the sale of the Stock (the "***Post-Effective Bylaws***").

(3) The Registration Statement, together with the exhibits filed as a part thereof or incorporated therein by reference.

(4) The prospectus prepared in connection with the Registration Statement (the "***Prospectus***").

(5) The minutes of meetings and actions by written consent of the Company's Board of Directors (the "***Board***") and stockholders (the "***Stockholders***") at which, or pursuant to which, the Restated Certificate, the Post-Effective Restated Certificate, the Bylaws and the Post-Effective Bylaws were approved.

(6) The minutes of meetings and actions by written consent of the Board and Stockholders at which, or pursuant to which, the sale and issuance of the Stock and related matters were approved.

(7) The stock records of the Company that the Company has provided to us (consisting of a list of stockholders and a list of holders of outstanding options and any other rights to purchase capital stock, in each case, that was prepared by the Company and setting forth the number of such issued and outstanding securities).

(8) A Certificate of Good Standing issued by the Secretary of State of the State of Delaware dated September 10, 2019, stating that the Company is qualified to do business and is in good standing under the laws of the State of Delaware as of such date (the "***Certificate of Good Standing***").

(9) An opinion certificate addressed to us and dated of even date herewith executed by the Company containing certain factual representations (the "***Opinion Certificate***").

(10) The underwriting agreement to be entered into by and among the Company and the several underwriters named in Schedule I thereto.

In our examination of documents for purposes of this opinion, we have assumed, and express no opinion as to, the genuineness of all signatures on original documents, the authenticity and completeness of all documents submitted to us as originals, the conformity to originals and completeness of all documents submitted to us as copies, the legal capacity of all persons or entities (other than the Company) executing the same, the lack of any undisclosed termination, modification, waiver or amendment to any document reviewed by us.

The Company's capital stock is uncertificated. We assume that the issued Stock will not be reissued by the Company in uncertificated form until any previously issued stock certificate representing such issued Stock have been surrendered to the Company in accordance with Section 158 of the Delaware General Corporation Law and that the Company will properly register the transfer of the Stock to the purchasers of such Stock on the Company's record of uncertificated securities.

We render this opinion only with respect to, and express no opinion herein concerning the application or effect of the laws of any jurisdiction other than, the existing laws of the United States of America and the State of New York and of the existing Delaware General Corporation Law and reported judicial decisions relating thereto.

With respect to our opinion expressed in paragraph (1) below as to the valid existence and good standing of the Company under the laws of the State of Delaware, we have relied solely upon the Certificate of Good Standing and representations made to us by the Company in the Opinion Certificate.

In connection with our opinion expressed in paragraph (2) below, we have assumed that, at or prior to the time of the delivery of any shares of Stock, the Registration Statement will have been declared effective under the Securities Act, that the registration will apply to such shares of Stock and will not have been modified or rescinded and that there will not have occurred any change in law affecting the validity of the issuance of such shares of Stock.

This opinion is based upon the customary practice of lawyers who regularly give, and lawyers who regularly advise opinion recipients regarding, opinions of the kind set forth in this opinion letter, including customary practice as described in bar association reports.

Based upon the foregoing, we are of the following opinion:

(1) The Company is a corporation validly existing, in good standing, under the laws of the State of Delaware; and

(2) the up to 46,000,000 shares of Stock to be issued and sold by the Company, when issued, sold and delivered in the manner and for the consideration stated in the Registration Statement and the Prospectus and in accordance with the resolutions adopted by the Board and to be adopted by the Pricing Committee of the Board, will be validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to all references to us, if any, in the Registration Statement, the Prospectus constituting a part thereof and any amendments thereto.

This opinion is intended solely for use in connection with issuance and sale of shares of Stock subject to the Registration Statement and is not to be relied upon for any other purpose. This opinion is rendered as of the date first written above and is based solely on our understanding of facts in existence as of such date after the aforementioned examination. In rendering the opinions above, we are opining only as to the specific legal issues expressly set forth therein, and no opinion shall be inferred as to any other matter or matters. We assume no obligation to advise you of any fact, circumstance, event or change in the law or the facts that may hereafter be brought to our attention whether or not such occurrence would affect or modify any of the opinions expressed herein.

Very truly yours,

/s/ Fenwick & West LLP

FENWICK & WEST LLP

PELOTON INTERACTIVE, INC.

2019 EQUITY INCENTIVE PLAN

1. PURPOSE. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, and any Parents, Subsidiaries and Affiliates that exist now or in the future, by offering them an opportunity to participate in the Company's future performance through the grant of Awards. Capitalized terms not defined elsewhere in the text are defined in Section 28.

2. SHARES SUBJECT TO THE PLAN.

2.1. Number of Shares Available. Subject to Section 2.4, Section 2.6 and Section 21 and any other applicable provisions hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan as of the date of adoption of the Plan by the Board, is 40,986,767 Shares, plus (a) any reserved shares not issued or subject to outstanding grants under the Company's 2015 Stock Plan (the "***Prior Plan***") on the Effective Date, (b) shares that are subject to stock options or other awards granted under the Prior Plan that cease to be subject to such stock options or other awards by forfeiture or otherwise after the Effective Date, (c) shares issued under the Prior Plan before or after the Effective Date pursuant to the exercise of stock options that are, after the Effective Date, forfeited, (d) shares issued under the Prior Plan that are repurchased by the Company at the original issue price and (e) shares that are subject to stock options or other awards under the Prior Plan that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award. Any of the Company's Class B common stock that becomes available for grant pursuant this Section 2.1 will be issued only as Shares.

2.2. Lapsed, Returned Awards. Shares subject to Awards, and Shares issued under the Plan under any Award, will again be available for grant and issuance in connection with subsequent Awards under this Plan to the extent such Shares: (a) are subject to issuance upon exercise of an Option or SAR granted under this Plan but which cease to be subject to the Option or SAR for any reason other than exercise of the Option or SAR; (b) are subject to Awards granted under this Plan that are forfeited or are repurchased by the Company at the original issue price; (c) are subject to Awards granted under this Plan that otherwise terminate without such Shares being issued; or (d) are surrendered pursuant to Exchange Program. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Shares used to pay the exercise price of an Award or withheld to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. For the avoidance of doubt, Shares that otherwise become available for grant and issuance because of the provisions of this Section 2.2 shall not include Shares subject to Awards that initially became available because of the substitution clause in Section 21.2 hereof.

2.3. Minimum Share Reserve. At all times the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all outstanding Awards granted under this Plan.

2.4. Automatic Share Reserve Increase. The number of Shares available for grant and issuance under the Plan will be increased on July 1 of 2020 through 2029 by the lesser of (a) five (5%) of all classes of the Company's common stock outstanding on each June 30 immediately prior to the date of increase or (b) such number of Shares determined by the Board.

2.5. ISO Limitation. No more than 150,000,000 Shares shall be issued pursuant to the exercise of ISOs (as defined below) under the Plan.

2.6. Adjustment of Shares. If the number of outstanding Shares is changed by a stock dividend, extraordinary dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend) recapitalization, stock split, reverse stock split, subdivision, combination, consolidation, reclassification, spin-off or similar change in the capital structure of the Company, without consideration, then (a) the number and class of Shares reserved for issuance and future grant under the Plan set forth in Section 2.1, including shares reserved under sub-clauses (a)-(e) of Section 2.1, (b) the Exercise Prices of and number and class of Shares subject to outstanding Options and SARs, (c) the number and class of Shares subject to other outstanding Awards and (d) the maximum number and class of Shares that may be issued as ISOs set forth in Section 2.5 will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws; provided that fractions of a Share will not be issued.

If, by reason of an adjustment pursuant to this Section 2.6, a Participant's Award Agreement or other agreement related to any Award or the Shares subject to such Award covers additional or different shares of stock or securities, then such additional or different shares, and the Award Agreement or such other agreement in respect thereof, will be subject to all of the terms, conditions and restrictions which were applicable to the Award or the Shares subject to such Award prior to such adjustment.

3. ELIGIBILITY. ISOs may be granted only to Employees. All other Awards may be granted to Employees, Consultants, and Non-Employee Directors; provided such Consultants and Non-Employee Directors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction.

4. ADMINISTRATION.

4.1. Committee Composition; Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan, except, however, the Board will establish the terms for the grant of an Award to Non-Employee Directors. The Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;

(c) select persons to receive Awards;

(d) determine the form and terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the Exercise Price, the time or times when Awards may vest and be exercised (which may be based on performance criteria) or settled, any vesting acceleration or waiver of forfeiture restrictions, the method to satisfy tax withholding obligations or any other tax liability legally due and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Committee will determine;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;

(g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary or Affiliate;

(h) grant waivers of Plan or Award conditions;

(i) determine the vesting, exercisability and payment of Awards;

(j) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(k) determine whether an Award has been vested and/or earned;

(l) determine the terms and conditions of any, and to institute any Exchange Program;

(m) reduce, waive or modify any criteria with respect to Performance Factors;

(n) adjust Performance Factors;

(o) adopt terms and conditions, rules and/or procedures (including the adoption of any subplan under this Plan) relating to the operation and administration of the Plan to accommodate requirements of local law and procedures outside of the United States or to qualify Awards for special tax treatment under laws of jurisdictions other than the United States;

(p) exercise discretion with respect to Performance Awards;

(q) make all other determinations necessary or advisable for the administration of this Plan; and

(r) delegate any of the foregoing to a subcommittee or to one or more executive officers pursuant to a specific delegation as permitted by applicable law.

4.2. Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award will be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination will be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement will be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee will be final and binding on the Company and the Participant. The Committee may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution will be final and binding on the Company and the Participant.

4.3. Section 16 of the Exchange Act. Awards granted to Participants who are subject to Section 16 of the Exchange Act must be approved by two or more “non-employee directors” (as defined in the regulations promulgated under Section 16 of the Exchange Act).

4.4. Documentation. The Award Agreement for a given Award, the Plan and any other documents may be delivered to, and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that meets applicable legal requirements.

4.5. Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws and practices in other countries in which the Company and its Subsidiaries or Affiliates operate or have Employees or other individuals eligible for Awards, the Committee, in its

sole discretion, will have the power and authority to: (a) determine which Subsidiaries and Affiliates will be covered by the Plan; (b) determine which individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to individuals outside the United States or foreign nationals to comply with applicable foreign laws, policies, customs and practices; (d) establish subplans and modify exercise procedures, vesting conditions, and other terms and procedures, to the extent the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications will be attached to this Plan as appendices, if necessary); provided, however, that no such subplans and/or modifications will increase the share limitations contained in Section 2.1 hereof; and (e) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards will be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

5. OPTIONS. An Option is the right but not the obligation to purchase a Share, subject to certain conditions, if applicable. The Committee may grant Options to eligible Employees, Consultants and Directors and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("***ISOs***") or Nonqualified Stock Options ("***NSOs***"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may vest and be exercised, and all other terms and conditions of the Option, subject to the following terms of this section.

5.1. Option Grant. Each Option granted under this Plan will identify the Option as an ISO or an NSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Committee will: (a) determine the nature, length and starting date of any Performance Period for each Option; and (b) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

5.2. Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, or a specified future date. The Award Agreement will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3. Exercise Period. Options may be vested and exercisable within the times or upon the conditions as set forth in the Award Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary ("***Ten Percent Stockholder***") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4. Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted; provided that: (a) the Exercise Price of an Option will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant and (b) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 11 and the Award Agreement and in accordance with any procedures established by the Company.

5.5. Method of Exercise. Any Option granted hereunder will be vested and exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Committee and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company receives: (a) notice of exercise (in such form as the Committee may specify from time to time) from the person entitled to exercise the Option (and/or via electronic execution through the authorized third-party administrator), and (b) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Committee and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 2.6 of the Plan. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

5.6. Termination of Service. If the Participant's Service terminates for any reason except for Cause or the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates no later than three (3) months after the date Participant's Service terminates (or such shorter or longer time period as may be determined by the Committee, with any exercise beyond three (3) months after the date Participant's employment terminates deemed to be the exercise of an NSO), but in any event no later than the expiration date of the Options.

(a) Death. If the Participant's Service terminates because of the Participant's death (or the Participant dies within three (3) months after Participant's Service terminates other than for Cause or because of the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates and must be exercised by the Participant's legal representative, or authorized assignee, no later than twelve (12) months after the date Participant's Service terminates (or such shorter time period or longer time period as may be determined by the Committee), but in any event no later than the expiration date of the Options.

(b) Disability. If the Participant's Service terminates because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates and must be exercised by the Participant (or the Participant's legal representative or authorized assignee) no later than twelve (12) months after the date Participant's Service terminates (or such shorter or longer time period as may be determined by the Committee, with any exercise beyond (a) three (3) months after the date Participant's employment terminates when the termination of Service is for a Disability that is not a "permanent and total disability" as defined in Section 22(e)(3) of the Code, or (b) twelve (12) months after the date Participant's employment terminates when the termination of Service is for a Disability that is a "permanent and total disability" as defined in Section 22(e)(3) of the Code, deemed to be exercise of an NSO), but in any event no later than the expiration date of the Options.

(c) Cause. If the Participant's Service terminates for Cause, then Participant's Options (whether or not vested) will expire on the date of termination of Participant's Service if the Committee has reasonably determined in good faith that such cessation of Services has resulted in connection with an act or failure to act constituting Cause (or such Participant's Services could have been terminated for Cause (without regard to the lapsing of any required notice or cure periods in connection therewith) at the time such Participant terminated Services), or at such later time and on such conditions

as are determined by the Committee, but in any event no later than the expiration date of the Options. Unless otherwise provided in an employment agreement, Award Agreement, or other applicable agreement, Cause will have the meaning set forth in the Plan.

5.7. Limitations on Exercise. The Committee may specify a minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent any Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8. Limitations on ISOs. With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as NSOs. For purposes of this Section 5.8, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9. Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 18 of this Plan, by written notice to affected Participants, the Committee may reduce the Exercise Price of outstanding Options without the consent of such Participants; provided, however, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price.

5.10. No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS. A Restricted Stock Award is an offer by the Company to sell to an eligible Employee, Consultant, or Director Shares that are subject to restrictions ("***Restricted Stock***"). The Committee will determine to whom an offer will be made, the number of Shares the Participant may purchase, the Purchase Price, the restrictions under which the Shares will be subject and all other terms and conditions of the Restricted Stock Award, subject to the Plan.

6.1. Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by an Award Agreement. Except as may otherwise be provided in an Award Agreement, a Participant accepts a Restricted Stock Award by signing and delivering to the Company an Award Agreement with full payment of the Purchase Price, within thirty (30) days from the date the Award Agreement was delivered to the Participant. If the Participant does not accept such Award within thirty (30) days, then the offer of such Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.2. Purchase Price. The Purchase Price for a Restricted Stock Award will be determined by the Committee and may be less than Fair Market Value on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with Section 11 of the Plan, and the Award Agreement and in accordance with any procedures established by the Company.

6.3. Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to such restrictions as the Committee may impose or are required by law. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of Performance Factors, if any, during any Performance Period as set out in advance in the Participant's Award Agreement. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.4. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

7. STOCK BONUS AWARDS. A Stock Bonus Award is an award to an eligible Employee, Consultant, or Director of Shares for Services to be rendered or for past Services already rendered to the Company or any Parent, Subsidiary or Affiliate. All Stock Bonus Awards shall be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award.

7.1. Terms of Stock Bonus Awards. The Committee will determine the number of Shares to be awarded to the Participant under a Stock Bonus Award and any restrictions thereon. These restrictions may be based upon completion of a specified number of years of service with the Company or upon satisfaction of performance goals based on Performance Factors during any Performance Period as set out in advance in the Participant's Stock Bonus Agreement. Prior to the grant of any Stock Bonus Award the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus Award; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonus Awards that are subject to different Performance Periods and different performance goals and other criteria.

7.2. Form of Payment to Participant. Payment may be made in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value of the Shares earned under a Stock Bonus Award on the date of payment, as determined in the sole discretion of the Committee.

7.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

8. STOCK APPRECIATION RIGHTS. A Stock Appreciation Right ("***SAR***") is an award to an eligible Employee, Consultant, or Director that may be settled in cash, or Shares (which may consist of Restricted Stock), having a value equal to (a) the difference between the Fair Market Value on the date of exercise over the Exercise Price multiplied by (b) the number of Shares with respect to which the SAR is being settled (subject to any maximum number of Shares that may be issuable as specified in an Award Agreement). All SARs shall be made pursuant to an Award Agreement.

8.1. Terms of SARs. The Committee will determine the terms of each SAR including, without limitation: (a) the number of Shares subject to the SAR; (b) the Exercise Price and the time or times during which the SAR may be settled; (c) the consideration to be distributed on settlement of the SAR; and (d) the effect of the Participant's termination of Service on each SAR. The Exercise Price of the SAR will be determined by the Committee when the SAR is granted, and may not be less than Fair Market Value. A SAR may be awarded upon satisfaction of Performance Factors, if any, during any

Performance Period as are set out in advance in the Participant's individual Award Agreement. If the SAR is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each SAR; and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to SARs that are subject to different Performance Factors and other criteria.

8.2. Exercise Period and Expiration Date. A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The SAR Agreement shall set forth the expiration date; provided that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted. The Committee may also provide for SARs to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the attainment during a Performance Period of performance goals based on Performance Factors), in such number of Shares or percentage of the Shares subject to the SAR as the Committee determines. Except as may be set forth in the Participant's Award Agreement, vesting ceases on the date Participant's Service terminates (unless determined otherwise by the Committee). Notwithstanding the foregoing, the rules of Section 5.6 also will apply to SARs.

8.3. Form of Settlement. Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying (a) the difference between the Fair Market Value of a Share on the date of exercise over the Exercise Price; times (b) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from the Company for the SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof. The portion of a SAR being settled may be paid currently or on a deferred basis with such interest, if any, as the Committee determines, provided that the terms of the SAR and any deferral satisfy the requirements of Section 409A of the Code to the extent applicable.

8.4. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

9. RESTRICTED STOCK UNITS. A Restricted Stock Unit ("***RSU***") is an award to an eligible Employee, Consultant, or Director covering a number of Shares that may be settled in cash, or by issuance of those Shares (which may consist of Restricted Stock). All RSUs shall be made pursuant to an Award Agreement.

9.1. Terms of RSUs. The Committee will determine the terms of an RSU including, without limitation: (a) the number of Shares subject to the RSU; (b) the time or times during which the RSU may be settled; (c) the consideration to be distributed on settlement; and (d) the effect of the Participant's termination of Service on each RSU; provided that no RSU shall have a term longer than ten (10) years. An RSU may be awarded upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in advance in the Participant's Award Agreement. If the RSU is being earned upon satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for the RSU; (y) select from among the Performance Factors to be used to measure the performance, if any; and (z) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and Participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

9.2. Form and Timing of Settlement. Payment of earned RSUs shall be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle earned RSUs in cash, Shares, or a combination of both. The Committee may also permit a Participant to defer payment under a RSU to a date or dates after the RSU is earned provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code to the extent applicable.

9.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

10. PERFORMANCE AWARDS. A Performance Award is an award to an eligible Employee, Consultant, or Director of the Company or any Parent, Subsidiary or Affiliate that is based upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee, and may be settled in cash, Shares (which may consist of, without limitation, Restricted Stock), other property, or any combination thereof. Grants of Performance Awards shall be made pursuant to an Award Agreement.

10.1. Performance Awards shall include Performance Shares, Performance Units, and cash-based Awards as set forth in Sections 10.1(a), 10.1(b), and 10.1(c) below.

(a) Performance Shares. The Committee may grant Awards of Performance Shares, designate the Participants to whom Performance Shares are to be awarded and determine the number of Performance Shares and the terms and conditions of each such Award. Performance Shares shall consist of a unit valued by reference to a designated number of Shares, the value of which may be paid to the Participant by delivery of Shares or, if set forth in the instrument evidencing the Award, of such property as the Committee shall determine, including, without limitation, cash, Shares, other property, or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee. The amount to be paid under an Award of Performance Shares may be adjusted on the basis of such further consideration as the Committee shall determine in its sole discretion.

(b) Performance Units. The Committee may grant Awards of Performance Units, designate the Participants to whom Performance Units are to be awarded and determine the number of Performance Units and the terms and conditions of each such Award. Performance Units shall consist of a unit valued by reference to a designated amount of property other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including, without limitation, cash, Shares, other property, or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee.

(c) Cash-Settled Performance Awards. The Committee may grant cash-settled Performance Awards to Participants under the terms of this Plan. Such awards will be based on the attainment of performance goals using the Performance Factors within this Plan that are established by the Committee for the relevant performance period.

10.2. Terms of Performance Awards. Performance Awards will be based on the attainment of performance goals using the Performance Factors within this Plan that are established by the Committee for the relevant Performance Period. The Committee will determine, and each Award Agreement shall set forth, the terms of each Performance Award including, without limitation: (a) the amount of any cash bonus, (b) the number of Shares deemed subject to an award of Performance Shares; (c) the Performance Factors and Performance Period that shall determine the time and extent to which each award of Performance Shares shall be settled; (d) the consideration to be distributed on settlement, and (e) the effect of the Participant's termination of Service on each Performance Award. In establishing Performance Factors and the Performance Period the Committee will: (x) determine the nature, length and starting date of any Performance Period; (y) select from among the Performance Factors to be used; and (z) determine the number of Shares deemed subject to the award of Performance Shares. Prior to settlement the Committee shall determine the extent to which Performance Awards have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and different performance goals and other criteria.

10.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on the date Participant's Service terminates (unless determined otherwise by the Committee).

11. PAYMENT FOR SHARE PURCHASES. Payment from a Participant for Shares purchased pursuant to this Plan may be made in cash or by check or, where approved for the Participant by the Committee and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

(a) by cancellation of indebtedness of the Company to the Participant;

(b) by surrender of Shares by the Participant that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Award will be exercised or settled;

(c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or a Parent or Subsidiary;

(d) by consideration received by the Company pursuant to a broker-assisted or other form of cashless exercise program implemented by the Company in connection with the Plan;

(e) by any combination of the foregoing; or

(f) by any other method of payment as is permitted by applicable law.

12. GRANTS TO NON-EMPLOYEE DIRECTORS.

12.1. Grant and Eligibility. Awards under the Plan may be granted to Non-Employee Directors may be automatically made pursuant to a policy adopted by the Board, or made from time to time as determined in the discretion of the Board.

12.2. Vesting, Exercisability and Settlement. Except as set forth in Section 21, Awards will vest, become exercisable and be settled as determined by the Board. With respect to Options and SARs, the exercise price granted to Non-Employee Directors will not be less than the Fair Market Value of the Shares at the time that such Option or SAR is granted.

12.3. Election to Receive Awards in Lieu of Cash. A Non-Employee Director may elect to receive his or her annual retainer payments and/or meeting fees from the Company in the form of cash or Awards or a combination thereof, if permitted, and as determined, by the Committee. Such Awards shall be issued under the Plan. An election under this Section 12.3 shall be filed with the Company on the form prescribed by the Company.

13. WITHHOLDING TAXES.

13.1. Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan or a tax event occurs, the Company may require the Participant to remit to the Company, or to the Parent, Subsidiary or Affiliate, as applicable, employing the Participant, an amount sufficient to satisfy applicable U.S. federal, state, local and international tax or any other tax or social insurance liability (the "***Tax-Related Items***") required to be withheld from the Participant prior to the delivery of Shares pursuant to exercise or settlement of any Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount

sufficient to satisfy applicable withholding obligations for Tax-Related Items. Unless otherwise determined by the Committee, the Fair Market Value of the Shares will be determined as of the date that the taxes are required to be withheld and such Shares will be valued based on the value of the actual trade or, if there is none, the Fair Market Value of the Shares as of the previous trading day.

13.2. Stock Withholding. The Committee, or its delegate(s), as permitted by applicable law, in its sole discretion and pursuant to such procedures as it may specify from time to time and to limitations of local law, may require or permit a Participant to satisfy such Tax Related Items legally due from the Participant, in whole or in part by (without limitation) (a) paying cash, (b) having the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the Tax-Related Items to be withheld, (c) delivering to the Company already-owned shares having a Fair Market Value equal to the Tax-Related Items to be withheld or (d) withholding from the proceeds of the sale of otherwise deliverable Shares acquired pursuant to an Award either through a voluntary sale or through a mandatory sale arranged by the Company. The Company may withhold or account for these Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to (but not in excess of) the maximum permissible statutory tax rate for the applicable tax jurisdiction, to the extent consistent with applicable laws.

14. TRANSFERABILITY. Unless determined otherwise by the Committee or pursuant to Section 14.2, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. If the Committee makes an Award transferable, including, without limitation, by instrument to an inter vivos or testamentary trust in which the Awards are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift or by domestic relations order to a Permitted Transferee, such Award will contain such additional terms and conditions as the Committee deems appropriate. All Awards will be exercisable: (a) during the Participant's lifetime only by the Participant, or the Participant's guardian or legal representative; (b) after the Participant's death, by the legal representative of the Participant's heirs or legatees; and (c) in the case of all awards except ISOs, by a Permitted Transferee.

15. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.

15.1. Voting and Dividends. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any Dividend Equivalent Rights permitted by an applicable Award Agreement. Any Dividend Equivalent Rights will be subject to the same vesting or performance conditions as the underlying Award. In addition, the Committee may provide that any Dividend Equivalent Rights permitted by an applicable Award Agreement will be deemed to have been reinvested in additional Shares or otherwise reinvested. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock; provided, further, that the Participant will have no right to such stock dividends or stock distributions with respect to Unvested Shares, and any such dividends or stock distributions will be accrued and paid only at such time, if any, as such Unvested Shares become vested Shares. The Committee, in its discretion, may provide in the Award Agreement evidencing any Award that the Participant will be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Shares underlying an Award during the period beginning on the date the Award is granted and ending, with respect to each Share subject to the Award, on the earlier of the date on which the Award is exercised or settled or the date on which it is forfeited provided, that no Dividend Equivalent Right will be paid with respect to the Unvested Shares, and such dividends or stock distributions will be accrued and paid only at such time, if any, as such Unvested Shares become vested Shares. Such Dividend Equivalent Rights, if any, will be credited to the Participant in the form of additional whole Shares as of the date of payment of such cash dividends on Shares.

15.2. Restrictions on Shares. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) a right to repurchase (a "***Right of Repurchase***") a portion of any or all Unvested Shares held by a Participant following such Participant's termination of Service at any time within ninety (90) days (or such longer or shorter time determined by the Committee) after the later of the date Participant's Service terminates and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Purchase Price or Exercise Price, as the case may be.

16. CERTIFICATES. All Shares or other securities whether or not certificated, delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable U.S. federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted and any non-U.S. exchange controls or securities law restrictions to which the Shares are subject.

17. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

18. REPRICING; EXCHANGE AND BUYOUT OF AWARDS. Without prior stockholder approval, the Committee may (a) reprice Options or SARs (and where such repricing is a reduction in the Exercise Price of outstanding Options or SARs, the consent of the affected Participants is not required provided written notice is provided to them, notwithstanding any adverse tax consequences to them arising from the repricing), and (b) with the consent of the respective Participants (unless not required pursuant to Section 5.9 of the Plan), pay cash or issue new Awards in exchange for the surrender and cancellation of any, or all, outstanding Awards.

19. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award will not be effective unless such Award is in compliance with all applicable U.S. and foreign federal and state securities and exchange control laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any foreign or state securities laws, exchange control laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

20. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent, Subsidiary or Affiliate or limit in any way the right of the Company or any Parent, Subsidiary or Affiliate to terminate Participant's employment or other relationship at any time.

21. CORPORATE TRANSACTIONS.

21.1. Assumption or Replacement of Awards by Successor. In the event of a Corporate Transaction any or all outstanding Awards may be (a) continued by the Company, if the Company is the successor entity; or (b) assumed or substituted by the successor corporation, or a parent or subsidiary of the successor corporation, for substantially equivalent Awards (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), in each case after taking into account appropriate adjustments for the number and kind of shares and exercise prices. In the event such successor corporation refuses to assume or substitute any Award in accordance with this Section 21, then notwithstanding any other provision in this Plan to the contrary, each such Award shall become fully vested and, as applicable, exercisable and any rights of repurchase or forfeiture restrictions thereon shall lapse, immediately prior to the consummation of the Corporation Transaction. Performance Awards not assumed pursuant to the foregoing shall be deemed earned and vested at 100% of target level, unless otherwise indicated pursuant to the terms and conditions of the applicable Award Agreement.

If an Award vests in lieu of assumption or substitution in connection with a Corporate Transaction as provided above, the Committee will notify the holder of such Award in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period without consideration. Any determinations by the Committee need not treat all outstanding Awards in an identical manner, and shall be final and binding on each applicable Participant.

21.2. Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the Purchase Price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price. Substitute Awards will not reduce the number of Shares authorized for grant under the Plan or authorized for grant to a Participant in a calendar year.

21.3. Non-Employee Directors' Awards. Notwithstanding any provision to the contrary herein, in the event of a Corporate Transaction, the vesting of all Awards granted to Non-Employee Directors will accelerate and such Awards will become exercisable (as applicable) in full prior to the consummation of such event at such times and on such conditions as the Committee determines.

22. ADOPTION AND STOCKHOLDER APPROVAL. This Plan will be submitted for the approval of the Company's stockholders, consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board.

23. TERM OF PLAN/GOVERNING LAW. Unless earlier terminated as provided herein, this Plan will become effective on the Effective Date and will terminate ten (10) years from the date this Plan is adopted by the Board. This Plan and all Awards granted hereunder will be governed by and construed in accordance with the laws of the State of Delaware (excluding its conflict of laws rules).

24. AMENDMENT OR TERMINATION OF PLAN. The Board may at any time terminate or amend this Plan in any respect, including, without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval; provided further, that a Participant's Award will be governed by the version of this Plan then in effect at the time such Award was granted. No termination or amendment of the Plan or any outstanding Award may adversely affect any then outstanding Award without the consent of the Participant, unless such termination or amendment is necessary to comply with applicable law, regulation or rule.

25. NONEXCLUSIVITY OF THE PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock awards and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

26. INSIDER TRADING POLICY. Each Participant who receives an Award will comply with any policy adopted by the Company from time to time covering transactions in the Company's securities by Employees, officers and/or directors of the Company, as well as with any applicable insider trading or market abuse laws to which the Participant may be subject.

27. ALL AWARDS SUBJECT TO COMPANY CLAWBACK OR RECOUPMENT POLICY. All Awards, subject to applicable law, shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other service with the Company that is applicable to Employees, Directors or other service providers of the Company, and in addition to any other remedies available under such policy and applicable law, may require the cancellation of outstanding Awards and the recoupment of any gains realized with respect to Awards.

28. DEFINITIONS. As used in this Plan, and except as elsewhere defined herein, the following terms will have the following meanings:

28.1. "***Affiliate***" means any person or entity that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, including any general partner, managing member, officer or director of the Company, in each case as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such person or entity, whether through the ownership of voting securities or by contract or otherwise.

28.2. "***Award***" means any award under the Plan, including any Option, Restricted Stock, Stock Bonus, Stock Appreciation Right, Restricted stock Unit or Performance Award.

28.3. "***Award Agreement***" means, with respect to each Award, the written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award, and country-specific appendix thereto for grants to non-U.S. Participants, which will be in substantially a form (which need not be the same for each Participant) that the Committee (or in the case of Award agreements that are not used for Insiders, the Committee's delegate(s)) has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

28.4. "***Board***" means the Board of Directors of the Company.

28.5. "***Cause***" means a determination by the Company (and in the case of Participant who is subject to Section 16 of the Exchange Act, the Committee) that the Participant has committed an act or acts constituting any of the following: (a) dishonesty, fraud, misconduct or negligence in connection with Participant's duties to the Company, (b) unauthorized disclosure or use of the Company's confidential or proprietary information, (c) misappropriation of a business opportunity of the Company, (d) materially aiding Company competitor, (e) a felony conviction, (f) failure or refusal to attend to the duties or obligations of the Participant's position (g) violation or breach of, or failure to comply with, the Company's code of ethics or conduct, any of the Company's rules, policies or procedures applicable to the Participant or any agreement in effect between the Company and the Participant or (h) other conduct by such Participant that could be expected to be harmful to the business, interests or reputation of the Company. The determination as to whether Cause for a Participant's termination exists will be made in good faith by the Company and will be final and binding on the Participant. This definition does not in any way limit the Company's or any Parent's or Subsidiary's ability to terminate a Participant's employment or services at any time as provided in Section 20 above. Notwithstanding the foregoing, the foregoing definition of "Cause" may, in part or in whole, be modified or replaced in each individual employment agreement, Award Agreement, or other applicable agreement with any Participant provided that such document specifically supersedes this definition.

28.6. "***Code***" means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

28.7. "***Committee***" means the Compensation Committee of the Board or those persons to whom administration of the Plan, or part of the Plan, has been delegated as permitted by law.

28.8. "***Company***" means Peloton Interactive, Inc., a Delaware corporation, or any successor corporation.

28.9. "***Consultant***" means any natural person, including an advisor or independent contractor, engaged by the Company or a Parent, Subsidiary or Affiliate to render services to such entity.

28.10. "***Corporate Transaction***" means the occurrence of any of the following events: (a) any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities; provided, however, that for purposes of this subclause (a) the acquisition of additional securities by any one Person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Corporate Transaction; (b) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; (c) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; (d) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company) or (e) a change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or

election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purpose of this subclause (e), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Corporate Transaction. For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. Notwithstanding the foregoing, to the extent that any amount constituting deferred compensation (as defined in Section 409A of the Code) would become payable under this Plan by reason of a Corporate Transaction, such amount will become payable only if the event constituting a Corporate Transaction would also qualify as a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, each as defined within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and IRS guidance that has been promulgated or may be promulgated thereunder from time to time.

28.11. "***Director***" means a member of the Board.

28.12. "***Disability***" means in the case of incentive stock options, total and permanent disability as defined in Section 22(e)(3) of the Code and in the case of other Awards, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

28.13. "***Dividend Equivalent Right***" means the right of a Participant, granted at the discretion of the Committee or as otherwise provided by the Plan, to receive a credit for the account of such Participant in an amount equal to the cash, stock or other property dividends in amounts equivalent to cash, stock or other property dividends for each Share represented by an Award held by such Participant.

28.14. "***Effective Date***" means the day immediately prior to the Company's IPO Registration Date, subject to approval of the Plan by the Company's stockholders.

28.15. "***Employee***" means any person, including officers and Directors, providing services as an employee to the Company or any Parent, Subsidiary or Affiliate. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

28.16. "***Exchange Act***" means the United States Securities Exchange Act of 1934, as amended.

28.17. "***Exchange Program***" means a program pursuant to which (a) outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof) or (b) the exercise price of an outstanding Award is increased or reduced, each as described in Section 18.

28.18. "***Exercise Price***" means, with respect to an Option, the price at which a holder may purchase the Shares issuable upon exercise of an Option and with respect to a SAR, the price at which the SAR is granted to the holder thereof.

28.19. "***Fair Market Value***" means, as of any date, the value of a share of the Company's common stock determined as follows:

(a) if such common stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the common stock is listed or admitted to trading as reported in *The Wall Street* Journal or such other source as the Committee deems reliable;

(b) if such common stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(c) in the case of an Option or SAR grant made on the IPO Registration Date, the price per share at which Shares are initially offered for sale to the public by the Company's underwriters in the initial public offering of Shares as set forth in the Company's final prospectus included within the registration statement on Form S-1 filed with the SEC under the Securities Act; or

(d) by the Board or the Committee in good faith.

28.20. "***Insider***" means an officer or Director of the Company or any other person whose transactions in the Company's common stock are subject to Section 16 of the Exchange Act.

28.21. "***IPO Registration Date***" means the date on which the Company's registration statement on Form S-1 in connection with its initial public offering of common stock is declared effective by the SEC under the Securities Act.

28.22. "***IRS***" means the United States Internal Revenue Service.

28.23. "***Non-Employee Director***" means a Director who is not an Employee of the Company or any Parent or Subsidiary.

28.24. "***Option***" means an Award as defined in Section 5 and granted under the Plan.

28.25. "***Parent***" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

28.26. "***Participant***" means a person who holds an Award under this Plan.

28.27. "***Performance Award***" means an Award as defined in Section 10 and granted under the Plan.

28.28. "***Performance Factors***" means any of the factors selected by the Committee and specified in an Award Agreement, from among the following objective or subjective measures, either individually, alternatively or in any combination applied to the Participant, the Company, any business unit or Subsidiary, either individually, alternatively, or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, to determine whether the performance goals established by the Committee with respect to applicable Awards have been satisfied:

(a) Profit Before Tax;

(b) Sales;

(c) Expenses;

(d) Billings;

(e) Revenue;

(f) Net revenue;

(g) Earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings, stock-based compensation expenses, depreciation and amortization);

(h) Operating income;

(i) Operating margin;

(j) Operating profit;

(k) Controllable operating profit, or net operating profit;

(l) Net Profit;

(m) Gross margin;

(n) Operating expenses or operating expenses as a percentage of revenue;

(o) Net income;

(p) Earnings per share;

(q) Total stockholder return;

(r) Market share;

(s) Return on assets or net assets;

(t) The Company's stock price;

(u) Growth in stockholder value relative to a pre-determined index;

(v) Return on equity;

(w) Return on invested capital;

(x) Cash Flow (including free cash flow or operating cash flows);

(y) Balance of cash, cash equivalents and marketable securities;

(z) Cash conversion cycle;

(aa) Economic value added;

(bb) Individual confidential business objectives;

(cc) Contract awards or backlog;

(dd) Overhead or other expense reduction;

(ee) Credit rating;

(ff) Completion of an identified special project;

(gg) Completion of a joint venture or other corporate transaction;

(hh) Strategic plan development and implementation;

(ii) Succession plan development and implementation;

(jj) Improvement in workforce diversity;

(kk) Employee satisfaction;

(ll) Employee retention;

(mm) Customer indicators and/or satisfaction;

(nn) New product invention or innovation;

(oo) Research and development expenses;

(pp) Attainment of research and development milestones;

(qq) Improvements in productivity;

(rr) Bookings;

(ss) Working-capital targets and changes in working capital;

(tt) Attainment of operating goals and employee metrics; and

(uu) Any other metric as determined by the Committee.

The Committee may provide for one or more equitable adjustments to the Performance Factors to preserve the Committee's original intent regarding the Performance Factors at the time of the initial award grant, such as but not limited to, adjustments in recognition of unusual or non-recurring items such as acquisition related activities or changes in applicable accounting rules. It is within the sole discretion of the Committee to make or not make any such equitable adjustments.

28.29. "***Performance Period***" means one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Factors will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award.

28.30. "***Performance Share***" means an Award as defined in Section 10 and granted under the Plan.

28.31. "***Permitted Transferee***" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Employee, any person sharing the Employee's household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

28.32. *"**Performance Unit**"* means an Award as defined in Section 10 and granted under the Plan.

28.33. "***Plan***" means this Peloton Interactive, Inc. 2019 Equity Incentive Plan.

28.34. "***Purchase Price***" means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option or SAR.

28.35. "***Restricted Stock Award***" means an Award as defined in Section 6 and granted under the Plan (or issued pursuant to the early exercise of an Option).

28.36. "***Restricted Stock Unit***" means an Award as defined in Section 9 and granted under the Plan.

28.37. "***SEC***" means the United States Securities and Exchange Commission.

28.38. "***Securities Act***" means the United States Securities Act of 1933, as amended.

28.39. "***Service***" means service as an Employee, Consultant, Director or Non-Employee Director, to the Company or a Parent, Subsidiary or Affiliate, subject to such further limitations as may be set forth in the Plan or the applicable Award Agreement. An Employee will not be deemed to have ceased to provide Service in the case of (a) sick leave, (b) military leave, or (c) any other leave of absence approved by the Company; provided, that such leave is for a period of not more than 90 days unless reemployment upon the expiration of such leave is guaranteed by contract or statute. Notwithstanding anything to the contrary, an Employee will not be deemed to have ceased to provide Service if a formal policy adopted from time to time by the Company and issued and promulgated to employees in writing provides otherwise. In the case of any Employee on an approved leave of absence or a reduction in hours worked (for illustrative purposes only, a change in schedule from that of full-time to part-time), the Committee may make such provisions respecting suspension or modification of vesting of the Award while on leave from the employ of the Company or a Parent, Subsidiary or Affiliate or during such change in working hours as it may deem appropriate, except that in no event may an Award be exercised after the expiration of the term set forth in the applicable Award Agreement. In the event of military or other protected leave, if required by applicable laws, vesting will continue for the longest period that vesting continues under any other statutory or Company approved leave of absence and, upon a Participant's returning from military leave, he or she will be given vesting credit with respect to Awards to the same extent as would have applied had the Participant continued to provide Service to the Company throughout the leave on the same terms as he or she was providing Service immediately prior to such leave. An Employee will have terminated employment as of the date he or she ceases to provide Service (regardless of whether the termination is in breach of local employment laws or is later found to be invalid) and employment will not be extended by any notice period or garden leave mandated by local law, *provided however*, a change in status from an Employee to a Consultant or a Non-Employee Director (or vice versa) will not terminate a Participant's Service, unless determined by the Committee, in its discretion or to the extent set forth in the applicable Award Agreement. The Committee will have sole discretion to determine whether a Participant has ceased to provide Service and the effective date on which the Participant ceased to provide Service.

28.40. "***Shares***" means shares of the Class A common stock of the Company.

28.41. "***Stock Appreciation Right***" means an Award as defined in Section 8 and granted under the Plan.

28.42. "***Stock Bonus***" means an Award granted pursuant to Section 7 of the Plan.

28.43. "***Subsidiary***" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

28.44. "***Treasury Regulations***" means regulations promulgated by the United States Treasury Department.

28.45. "***Unvested Shares***" means Shares that have not yet vested or are subject to a right of repurchase in favor of the Company (or any successor thereto).

PELOTON INTERACTIVE, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL NOTICE OF STOCK OPTION GRANT

Unless otherwise defined herein, the terms defined in the Peloton Interactive, Inc. (the "***Company***") 2019 Equity Incentive Plan (the "***Plan***") will have the same meanings in this Global Notice of Stock Option Grant and the electronic representation of this Global Notice of Stock Option Grant established and maintained by the Company or a third party designated by the Company (this "***Notice***").

Name:

Address:

You ("***Participant***") have been granted an option to purchase shares of common stock of the Company (the "***Option***") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Global Stock Option Award Agreement (the "***Option Agreement***"), including any applicable country-specific provisions in the appendix attached hereto (the "***Appendix***"), which constitutes part of the Option Agreement.

Grant Number:

Date of Grant:

Vesting Commencement Date:

Exercise Price per Share:

Total Number of Shares:

Type of Option: Non-Qualified Stock Option

Incentive Stock Option

Expiration Date: , 20 ; This Option expires earlier if Participant's Service terminates earlier, as described in the Option Agreement.

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the Option Agreement, the Option will vest in accordance with the following schedule: [insert applicable vesting schedule]

By accepting (whether in writing, electronically or otherwise) the Option, Participant acknowledges and agrees to the following:

1) Participant understands that Participant's employment or consulting relationship or Service with the Company or a Parent or Subsidiary or Affiliate is for an unspecified duration, can be terminated at any time (*i.e.*, is "at-will"), except where otherwise prohibited by applicable law, and that nothing in this Notice, the Option Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the Option pursuant to this Notice is subject to Participant's continuing Service as an Employee, Director or Consultant. To the extent permitted by applicable law, Participant agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Participant's service status changes between full- and part-time and/or in the event Participant is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of Awards or as determined by the Committee to the extent permitted by applicable law. Furthermore, the period during which Participant may exercise the Option after termination of Service, if any, will commence on the Termination Date (as defined in the Option Agreement).

2) This grant is made under and governed by the Plan, the Option Agreement and this Notice, and this Notice is subject to the terms and conditions of the Option Agreement and the Plan, both of which are incorporated herein by reference. Participant has read the Notice, the Option Agreement and the Plan.

3) Participant has read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

4) By accepting the Option, Participant consents to electronic delivery and participation as set forth in the Option Agreement.

PELOTON INTERACTIVE, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL STOCK OPTION AWARD AGREEMENT

Unless otherwise defined in this Global Stock Option Award Agreement (this "***Option Agreement***"), any capitalized terms used herein will have the meaning ascribed to them in the Peloton Interactive, Inc. 2019 Equity Incentive Plan (the "***Plan***").

Participant has been granted an option to purchase Shares (the "***Option***") of Peloton Interactive, Inc. (the "***Company***"), subject to the terms, restrictions and conditions of the Plan, the Global Notice of Stock Option Grant (the "***Notice***") and this Option Agreement, including any applicable country-specific provisions in the appendix attached hereto (the "***Appendix***"), which constitutes part of this Option Agreement.

1. Vesting Rights. Subject to the applicable provisions of the Plan and this Option Agreement, this Option may be exercised, in whole or in part, in accordance with the Vesting Schedule set forth in the Notice. Participant acknowledges that the vesting of the Option pursuant to this Notice and Agreement is subject to Participant's continuing Service as an Employee, Director or Consultant.

2. Grant of Option. Participant has been granted an Option for the number of Shares set forth in the Notice at the exercise price per Share in U.S. Dollars set forth in the Notice (the "***Exercise Price***"). In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan shall prevail. If designated in the Notice as an Incentive Stock Option ("***ISO***"), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an ISO, to the extent that it exceeds the U.S. $100,000 rule of Code Section 422(d) it shall be treated as a Nonqualified Stock Option ("***NSO***").

3. Termination Period.

(a) General Rule. If Participant's Service terminates for any reason except death or Disability, and other than for Cause, then this Option will expire at the close of business at Company headquarters on the date three (3) months after Participant's Termination Date (as defined below) (or such shorter time period not less than thirty (30) days or longer time period as may be determined by the Committee, with any exercise beyond three (3) months after the date Participant's Service terminates deemed to be the exercise of an NSO). The Company determines when Participant's Service terminates for all purposes under this Option Agreement.

(b) Death; Disability. If Participant dies before Participant's Service terminates (or Participant dies within three months of Participant's termination of Service other than for Cause), then this Option will expire at the close of business at Company headquarters on the date twelve (12) months after the date of death (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee or a shorter period set forth in the Appendix for a specific jurisdiction, subject to the expiration details in Section 7). If Participant's Service terminates because of Participant's Disability, then this Option will expire at the close of business at Company headquarters on the date twelve (12) months after Participant's Termination Date (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee or a shorter period set forth in the Appendix for a specific jurisdiction, subject to the expiration details in Section 7).

(c) Cause. Unless otherwise determined by the Committee, the Option (whether or not vested) will terminate immediately upon the Participant's cessation of Services if the Company reasonably determines in good faith that such cessation of Services has resulted in connection with an act or failure to act constituting Cause (or the Participant's Services could have been terminated for Cause (without regard to the lapsing of any required notice or cure periods in connection therewith) at the time the Participant terminated Services).

(d) No Notification of Exercise Periods. Participant is responsible for keeping track of these exercise periods following Participant's termination of Service for any reason. The Company will not provide further notice of such periods. In no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

(e) Termination. For purposes of this Option, Participant's Service will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) as of the date Participant is no longer actively providing services to the Company, its Parent or one of its Subsidiaries or Affiliates (*i.e.*, Participant's period of Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) (the "***Termination Date***"). Unless otherwise provided in this Option Agreement or determined by the Company, Participant's right to vest in the Option under the Plan, if any, will terminate as of the Termination Date and Participant's right to exercise the Option after termination of Service, if any, will be measured from the Termination Date.

In case of any dispute as to whether and when a termination of Service has occurred, the Committee will have sole discretion to determine whether such termination of Service has occurred and the effective date of such termination (including whether Participant may still be considered to be actively providing Services while on a leave of absence).

If Participant does not exercise this Option within the termination period set forth in the Notice or the termination periods set forth above, 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.

4. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of the Plan and this Option Agreement. In the event of Participant's death, Disability, termination for Cause or other cessation of Service, the exercisability of the Option is governed by the applicable provisions of the Plan, the Notice and this Option Agreement. This Option may not be exercised for a fraction of a Share.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice in a form specified by the Company (the "***Exercise Notice***"), which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "***Exercised Shares***"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable Tax-Related Items (as defined in Section 8 below). This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price and payment of any applicable Tax-Related Items (as defined below). No Shares will be issued pursuant to the exercise of this Option unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed and any

exchange control registrations. Assuming such compliance, for United States income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

(c) Exercise by Another. If another person wants to exercise this Option after it has been transferred to him or her in compliance with this Option Agreement, that person must prove to the Company's satisfaction that he or she is entitled to exercise this Option. That person must also complete the proper Exercise Notice form (as described above) and pay the Exercise Price (as described below) and any applicable Tax-Related Items (as described below).

5. Method of Payment. Payment of the aggregate Exercise Price, and any Tax-Related Items (as defined below) withholding, will be by any of the following, or a combination thereof, at the election of Participant:

(a) Participant's personal check (representing readily available funds), wire transfer, or a cashier's check;

(b) if permitted by the Committee, certificates for shares of Company stock that Participant owns, along with any forms needed to effect a transfer of those shares to the Company; the value of the shares, determined as of the effective date of the Option exercise, will be applied to the Exercise Price. Instead of surrendering shares of Company stock, Participant may attest to the ownership of those shares on a form provided by the Company and have the same number of shares subtracted from the Option shares issued to Participant. However, Participant may not surrender, or attest to the ownership of, shares of Company stock in payment of the Exercise Price of Participant's Option if Participant's action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to this Option for financial reporting purposes;

(c) cashless exercise through irrevocable directions to a securities broker approved by the Company to sell all or part of the Shares covered by this Option and to deliver to the Company from the sale proceeds an amount sufficient to pay the Exercise Price and any applicable Tax-Related Items (as defined below) withholding. The balance of the sale proceeds, if any, will be delivered to Participant unless otherwise provided in this Option Agreement. The directions must be given by signing a special notice of exercise form provided by the Company; or

(d) other method authorized by the Company;

provided, however, that the Company may restrict the available methods of payment due to facilitate compliance with applicable law or administration of the Plan. In particular, if Participant is located outside the United States, Participant should review the applicable provisions of the Appendix for any such restrictions that may currently apply.

6. Non-Transferability of Option. This Option may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by Participant or unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Option Agreement will be binding upon the executors, administrators, heirs, successors and assigns of Participant.

7. Term of Option. This Option will in any event expire on the expiration date set forth in the Notice, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant and Section 5.3 of the Plan applies).

8. Taxes.

(a) Responsibility for Taxes. Participant acknowledges that, to the extent permitted by applicable law, regardless of any action taken by the Company or a Parent, Subsidiary or Affiliate employing or retaining Participant (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to Participant's participation in the Plan and legally applicable to Participant ("***Tax-Related Items***") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including, but not limited to, the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. *PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN EACH OF THE JURISDICTIONS, INCLUDING COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.*

(b) Withholding. Prior to any relevant taxable or tax withholding event, as applicable, to the extent permitted by applicable law Participant agrees to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer or any Parent, Subsidiary or Affiliate; or

(ii) withholding from proceeds of the sale of Shares acquired at exercise of this Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent); or

(iii) withholding Shares to be issued upon exercise of the Option, provided the Company only withholds the number of Shares necessary to satisfy no more than the maximum statutory withholding amounts;

(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted under applicable law;

all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) shall establish the method of withholding from alternatives (i)-(v) above, and the Committee shall establish the method prior to the Tax-Related Items withholding event.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for Participant's tax jurisdiction(s) in which case Participant will have no entitlement to the equivalent amount in Shares and may receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Exercised Shares; notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the withholding obligation for Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

(c) Notice of Disqualifying Disposition of ISO Shares. If Participant is subject to Tax-Related Items in the United States and sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, Participant will immediately notify the Company in writing of such disposition. Participant agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out any wages or other cash compensation paid to Participant by the Company and/or the Employer or any Parent, Subsidiary or Affiliate.

9. Nature of Grant. By accepting the Option, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future options or other grants, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the Option and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Parent, Subsidiary or Affiliate, and shall not interfere with the ability of the Company, the Employer or any Parent, Subsidiary or Affiliate, as applicable, to terminate Participant's employment or service relationship (if any);

(f) the Option and the Shares subject to the Option, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the Option and the Shares subject to the Option, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) unless otherwise agreed with the Company, the Option and the Shares subject to the Option, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Parent, Subsidiary or Affiliate;

(i) the future value of the Shares underlying the Option is unknown, indeterminable and cannot be predicted with certainty; if the underlying Shares do not increase in value, the Option will have no value; if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease, even below the Exercise Price;

(j) no claim or entitlement to compensation or damages will arise from forfeiture of the Option resulting from Participant's termination of Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); and

(k) neither the Company, the Employer nor any Parent, Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.

10. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant acknowledges, understands and agrees that he or she should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. ***Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Option Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and any Parent, Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to E*TRADE Financial Services, Solium-Shareworks, or other third party ("Online Administrator") and its affiliated companies or such other stock plan service provider as may be designated by the Company from time to time, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative. Participant authorizes the Company, Solium Shareworks, or such other stock plan service provider as may be designated by the Company from time to time, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is

necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Options or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Finally, upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form (or any other agreements or consents) that the Company or the Employer may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that Participant will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

12. Language. Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of this Option Agreement. Furthermore, if Participant has received this Option Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

13. Appendix. Notwithstanding any provisions in this Option Agreement, the Option will be subject to any special terms and conditions set forth in any appendix to this Option Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Option Agreement.

14. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares purchased upon exercise of the Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

15. Acknowledgement. The Company and Participant agree that the Option is granted under and governed by the Notice, this Option Agreement and the provisions of the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan and the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions, and (c) hereby accepts the Option subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

16. Entire Agreement; Enforcement of Rights. This Option Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No adverse modification of, or adverse amendment to, this Option Agreement, nor any waiver of any rights under this Option Agreement, will be effective unless in writing and signed by the parties to this Option Agreement (which writing and signing may be electronic). The failure by either party to enforce any rights under this Option Agreement will not be construed as a waiver of any rights of such party.

17. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer. Participant understands that the Company is under no obligation to register or qualify the Shares with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this Option Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this Option Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

18. Severability. If one or more provisions of this Option Agreement are held to be unenforceable under applicable law, then such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, then (a) such provision will be excluded from this Option Agreement, (b) the balance of this Option Agreement will be interpreted as if such provision were so excluded and (c) the balance of this Option Agreement will be enforceable in accordance with its terms.

19. Governing Law and Venue. This Option Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to such state's conflict of laws rules.

Any and all disputes relating to, concerning or arising from this Option Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Option Agreement, will be brought and heard exclusively in the United States District Court for the District of Northern California or the Superior Court of California, County of San Mateo. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

20. No Rights as Employee, Director or Consultant. Nothing in this Option Agreement will affect in any manner whatsoever any right or power of the Company, or a Parent, Subsidiary or Affiliate, to terminate Participant's Service, for any reason, with or without Cause.

21. Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance of the Notice (whether in writing or electronically), Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, the Notice and this Option Agreement. Participant has reviewed the Plan, the Notice and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Notice and Agreement, and fully understands all provisions of the Plan, the Notice and this Option Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Option Agreement. Participant further agrees to notify the Company upon any change in the residence address. By acceptance of this Option, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, this Option Agreement, the Plan, account statements, Plan prospectuses

required by the SEC, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Option and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail to Stock Administration.

22. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country of residence, the broker's country, or the country in which the Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect Participant's ability to directly or indirectly, accept, acquire, sell or attempt to sell or otherwise dispose of Shares, or rights to Shares (*e.g.*, Options), or rights linked to the value of Shares, during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before possessing the inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and understands that Participant should consult his or her personal legal advisor on such matters. In addition, Participant acknowledges that he or she read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

23. Foreign Asset/Account, Exchange Control and Tax Reporting. Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash resulting from his or her participation in the Plan. Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in Participant's country and/or repatriate funds received in connection with the Plan within certain time limits or according to specified procedures. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult his or her personal legal and tax advisors on such matters.

24. Award Subject to Company Clawback or Recoupment. The Option shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's Option (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's Option.

BY ACCEPTING THIS OPTION, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

PELOTON INTERACTIVE, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL NOTICE OF RESTRICTED STOCK UNIT AWARD

Unless otherwise defined herein, the terms defined in the Peloton Interactive, Inc. (the "***Company***") 2019 Equity Incentive Plan (the "***Plan***") will have the same meanings in this Global Notice of Restricted Stock Unit Award and the electronic representation of this Global Notice of Restricted Stock Unit Award established and maintained by the Company or a third party designated by the Company (this "***Notice***").

Name:

Address:

You ("***Participant***") have been granted an award of Restricted Stock Units ("***RSUs***") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Global Restricted Stock Unit Award Agreement (the "***Agreement***"), including any applicable country-specific provisions in the appendix attached hereto (the "***Appendix***"), which constitutes part of the Agreement.

Grant Number:	
Number of RSUs:	
Date of Grant:	
Vesting Commencement Date:	
Expiration Date:	The earlier to occur of: (a) the date on which settlement of all RSUs granted hereunder occurs and (b) the tenth anniversary of the Date of Grant. This RSU expires earlier if Participant's Service terminates earlier, as described in the Agreement.
Vesting Schedule:	Subject to the limitations set forth in this Notice, the Plan and the Agreement, the RSUs will vest in accordance with the following schedule: [insert applicable vesting schedule]

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant acknowledges and agrees to the following:

1) Participant understands that Participant's employment or consulting relationship or Service with the Company or a Parent or Subsidiary or Affiliate is for an unspecified duration, can be terminated at any time (*i.e.*, is "at-will"), except where otherwise prohibited by applicable law, and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is subject to Participant's continuing Service as an Employee, Director or Consultant. To the extent permitted by applicable law, Participant agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Participant's service status changes between full- and part-time and/or in the event Participant is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of Awards or as determined by the Committee.

2) This grant is made under and governed by the Plan, the Agreement and this Notice, and this Notice is subject to the terms and conditions of the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read the Notice, the Agreement and the Plan.

3) Participant has read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

4) By accepting the RSUs, Participant consents to electronic delivery and participation as set forth in the Agreement.

PELOTON INTERACTIVE, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined in this Global Restricted Stock Unit Award Agreement (this "***Agreement***"), any capitalized terms used herein will have the same meaning ascribed to them in the Peloton Interactive, Inc. 2019 Equity Incentive Plan (the "***Plan***").

Participant has been granted Restricted Stock Units ("***RSUs***") subject to the terms, restrictions and conditions of the Plan, the Global Notice of Restricted Stock Unit Award (the "***Notice***") and this Agreement, including any applicable country-specific provisions in the appendix attached hereto (the "***Appendix***"), which constitutes part of this Agreement. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of the Notice or this Agreement, the terms and conditions of the Plan shall prevail.

1. Settlement. Settlement of RSUs will be made within 30 days following the applicable date of vesting under the Vesting Schedule set forth in the Notice. Settlement of RSUs will be in Shares. No fractional RSUs or rights for fractional Shares shall be created pursuant to this Agreement.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested RSUs, Participant will have no ownership of the Shares allocated to the RSUs and will have no rights to dividends or to vote such Shares.

3. Dividend Equivalents. Dividends, if any (whether in cash or Shares), will not be credited to Participant.

4. Non-Transferability of RSUs. The RSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. Termination. If Participant's Service terminates for any reason, all unvested RSUs will be forfeited to the Company forthwith, and all rights of Participant to such RSUs will immediately terminate without payment of any consideration to Participant. Participant's Service will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) as of the date Participant is no longer actively providing services and Participant's Service will not be extended by any notice period (e.g., Participant's Service would not include a period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event Participant's service status changes between full- and part-time and/or in the event Participant is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of awards or as determined by the Committee. In case of any dispute as to whether and when a termination of Service has occurred, the Committee will have sole discretion to determine whether such termination of Service has occurred and the effective date of such termination (including whether Participant may still be considered to be actively providing Services while on a leave of absence).

6. Taxes.

(a) Responsibility for Taxes. Participant acknowledges that, to the extent permitted by law, regardless of any action taken by the Company or a Parent, Subsidiary or Affiliate employing or retaining Participant (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("***Tax-Related Items***") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs and the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. *PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN EACH OF THE JURISDICTIONS, INCLUDING COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION.*

(b) Withholding. Prior to any relevant taxable or tax withholding event, as applicable, to the extent permitted by applicable law, Participant agrees to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer or any Parent, Subsidiary or Affiliate; or

(ii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent); or

(iii) withholding Shares to be issued upon settlement of the RSUs, provided the Company only withholds the number of Shares necessary to satisfy no more than the maximum statutory withholding amounts; or

(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted under applicable law;

all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for Participant's tax jurisdiction(s) in which case Participant will have no entitlement to the equivalent amount in Shares and may receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the withholding obligation for Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

7. Nature of Grant. By accepting the RSUs, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the RSUs and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Parent, Subsidiary or Affiliate and shall not interfere with the ability of the Company, the Employer or any Parent, Subsidiary or Affiliate, as applicable, to terminate Participant's employment or service relationship (if any);

(f) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) unless otherwise agreed with the Company, the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Parent, Subsidiary or Affiliate;

(i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from Participant's termination of Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); and

(k) neither the Company, the Employer nor any Parent, Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant acknowledges, understands and agrees he or she should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. ***Data Privacy.*** ***Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other RSU grant materials by and among, as applicable, the Employer, the Company and any Parent, Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to E*TRADE Financial Services, Solium-Shareworks, or other third party ("Online Administrator") and its affiliated companies or such other stock plan service provider as may be designated by the Company from time to time, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative. Participant authorizes the Company, Solium Shareworks, or such other stock plan service provider as may be designated by the Company from time to time, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not

be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant RSUs or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Finally, upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form (or any other agreements or consents) that the Company or the Employer may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that Participant will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

10. Language. Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of this Agreement. Furthermore, if Participant has received this Agreement or any other document related to the RSU and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

11. Appendix. Notwithstanding any provisions in this Agreement, the RSUs will be subject to any special terms and conditions set forth in any appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

12. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. Acknowledgement. The Company and Participant agree that the RSUs are granted under and governed by the Notice, this Agreement and the provisions of the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan and the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions, and (c) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

14. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No adverse modification of or adverse amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the parties to this Agreement (which writing and signing may be electronic). The failure by either party to enforce any rights under this Agreement will not be construed as a waiver of any rights of such party.

15. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal and

foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer. Participant understands that the Company is under no obligation to register or qualify the Shares with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this RSU Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, then (a) such provision will be excluded from this Agreement, (b) the balance of this Agreement will be interpreted as if such provision were so excluded and (c) the balance of this Agreement will be enforceable in accordance with its terms.

17. Governing Law and Venue. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to such state's conflict of laws rules.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court for the District of Northern California or the Superior Court of California, County of San Mateo. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

18. No Rights as Employee, Director or Consultant. Nothing in this Agreement will affect in any manner whatsoever any right or power of the Company, or a Parent, Subsidiary or Affiliate, to terminate Participant's Service, for any reason, with or without Cause.

19. Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance of the Notice (whether in writing or electronically), Participant and the Company agree that the RSUs are granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement. Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address. By acceptance of the RSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the SEC, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a

third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail to Stock Administration.

20. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country of residence, the broker's country, or the country in which the Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect Participant's ability to directly or indirectly, accept, acquire, sell or attempt to sell or otherwise dispose of Shares, or rights to Shares (*e.g.*, RSUs), or rights linked to the value of Shares, during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before possessing the inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and understands that Participant should consult his or her personal legal advisor on such matters. In addition, Participant acknowledges that he or she read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

21. Foreign Asset/Account, Exchange Control and Tax Reporting. Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash resulting from his or her participation in the Plan. Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in Participant's country and/or repatriate funds received in connection with the Plan within certain time limits or according to specified procedures. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult his or her personal legal and tax advisors on such matters.

22. Code Section 409A. For purposes of this Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("***Section 409A***"). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with Participant's termination of employment constitute deferred compensation subject to Section 409A, and Participant is deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (i) the expiration of the six-month period measured from Participant's separation from service from the Company or (ii) the date of Participant's death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Participant including,

without limitation, the additional tax for which Participant would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

23. Award Subject to Company Clawback or Recoupment. The RSUs shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's RSUs.

BY ACCEPTING THIS AWARD OF RSUS, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

PELOTON INTERACTIVE, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL NOTICE OF PERFORMANCE STOCK UNIT AWARD

Unless otherwise defined herein, the terms defined in the Peloton Interactive, Inc. (the "***Company***") 2019 Equity Incentive Plan (the "***Plan***") will have the same meanings in this Global Notice of Performance Stock Unit Award and the electronic representation of this Global Notice of Performance Stock Unit Award established and maintained by the Company or a third party designated by the Company (this "***Notice***").

Name:

Address:

You ("***Participant***") have been granted an award of Performance Stock Units ("***PSUs***") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Global Performance Stock Unit Award Agreement (the "***Agreement***"), including any applicable country-specific provisions in the appendix attached hereto (the "***Appendix***"), which constitutes part of the Agreement.

Grant Number:	
Number of PSUs:	
Date of Grant:	
Vesting Commencement Date:	
Expiration Date:	The earlier to occur of: (a) the date on which settlement of all PSUs granted hereunder occurs and (b) the tenth anniversary of the Date of Grant. This PSU expires earlier if Participant's Service terminates earlier, as described in the Agreement.
Vesting Schedule:	Subject to the limitations set forth in this Notice, the Plan and the Agreement, the PSUs will vest in accordance with the following schedule: [insert applicable performance metrics and vesting schedule]

By accepting (whether in writing, electronically or otherwise) the PSUs, Participant acknowledges and agrees to the following:

1) Participant understands that Participant's employment or consulting relationship or Service with the Company or a Parent or Subsidiary or Affiliate is for an unspecified duration, can be terminated at any time (*i.e.*, is "at-will"), except where otherwise prohibited by applicable law, and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the PSUs pursuant to this Notice is subject to Participant's continuing Service as an Employee, Director or Consultant. To the extent permitted by applicable law, Participant agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Participant's service status changes between full- and part-time and/or in the event Participant is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of Awards or as determined by the Committee.

2) This grant is made under and governed by the Plan, the Agreement and this Notice, and this Notice is subject to the terms and conditions of the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read the Notice, the Agreement and the Plan.

3) Participant has read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

4) By accepting the PSUs, Participant consents to electronic delivery and participation as set forth in the Agreement.

PELOTON INTERACTIVE, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL PERFORMANCE STOCK UNIT AWARD AGREEMENT

Unless otherwise defined in this Global Performance Stock Unit Award Agreement (this "***Agreement***"), any capitalized terms used herein will have the same meaning ascribed to them in the Peloton Interactive, Inc. 2019 Equity Incentive Plan (the "***Plan***").

Participant has been granted Performance Stock Units ("***PSUs***") subject to the terms, restrictions and conditions of the Plan, the Global Notice of Performance Stock Unit Award (the "***Notice***") and this Agreement, including any applicable country-specific provisions in the appendix attached hereto (the "***Appendix***"), which constitutes part of this Agreement. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of the Notice or this Agreement, the terms and conditions of the Plan shall prevail.

1. Settlement. Settlement of PSUs will be made within 30 days following the applicable date of vesting under the Vesting Schedule set forth in the Notice. Settlement of PSUs will be in Shares. No fractional PSUs or rights for fractional Shares shall be created pursuant to this Agreement.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested PSUs, Participant will have no ownership of the Shares allocated to the PSUs and will have no rights to dividends or to vote such Shares.

3. Dividend Equivalents. Dividends, if any (whether in cash or Shares), will not be credited to Participant.

4. Non-Transferability of PSUs. The PSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. Termination. If Participant's Service terminates for any reason, all unvested PSUs will be forfeited to the Company forthwith, and all rights of Participant to such PSUs will immediately terminate without payment of any consideration to Participant. Participant's Service will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) as of the date Participant is no longer actively providing services and Participant's Service will not be extended by any notice period (e.g., Participant's Service would not include a period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event Participant's service status changes between full- and part-time and/or in the event Participant is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of awards or as determined by the Committee. In case of any dispute as to whether and when a termination of Service has occurred, the Committee will have sole discretion to determine whether such termination of Service has occurred and the effective date of such termination (including whether Participant may still be considered to be actively providing Services while on a leave of absence).

6. Taxes.

(a) Responsibility for Taxes. Participant acknowledges that, to the extent permitted by law, regardless of any action taken by the Company or a Parent, Subsidiary or Affiliate employing or retaining Participant (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("***Tax-Related Items***") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including, but not limited to, the grant, vesting or settlement of the PSUs and the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. *PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN EACH OF THE JURISDICTIONS, INCLUDING COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION.*

(b) Withholding. Prior to any relevant taxable or tax withholding event, as applicable, to the extent permitted by law, Participant agrees to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer or any Parent, Subsidiary or Affiliate; or

(ii) withholding from proceeds of the sale of Shares acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent); or

(iii) withholding Shares to be issued upon settlement of the PSUs, provided the Company only withholds the number of Shares necessary to satisfy no more than the maximum statutory withholding amounts; or

(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted under applicable law;

all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for Participant's tax jurisdiction(s) in which case Participant will have no entitlement to the equivalent amount in Shares and may receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested PSUs, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the withholding obligation for Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

7. Nature of Grant. By accepting the PSUs, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the PSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;

(c) all decisions with respect to future PSUs or other grants, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the PSUs and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Parent, Subsidiary or Affiliate and shall not interfere with the ability of the Company, the Employer or any Parent, Subsidiary or Affiliate, as applicable, to terminate Participant's employment or service relationship (if any);

(f) the PSUs and the Shares subject to the PSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the PSUs and the Shares subject to the PSUs, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) unless otherwise agreed with the Company, the PSUs and the Shares subject to the PSUs, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Parent, Subsidiary or Affiliate;

(i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages will arise from forfeiture of the PSUs resulting from Participant's termination of Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); and

(k) neither the Company, the Employer nor any Parent, Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the PSUs or of any amounts due to Participant pursuant to the settlement of the PSUs or the subsequent sale of any Shares acquired upon settlement.

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant acknowledges, understands and agrees he or she should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. *Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other PSU grant materials by and among, as applicable, the Employer, the Company and any Parent, Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to E*TRADE Financial Services, Solium-Shareworks, or other third party ("Online Administrator") and its affiliated companies or such other stock plan service provider as may be designated by the Company from time to time, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative. Participant authorizes the Company, Solium Shareworks, or such other stock plan service provider as may be designated by the Company from time to time, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not

be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant PSUs or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Finally, upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form (or any other agreements or consents) that the Company or the Employer may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that Participant will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

10. Language. Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of this Agreement. Furthermore, if Participant has received this Agreement or any other document related to the PSU and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

11. Appendix. Notwithstanding any provisions in this Agreement, the PSUs will be subject to any special terms and conditions set forth in any appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

12. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the PSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. Acknowledgement. The Company and Participant agree that the PSUs are granted under and governed by the Notice, this Agreement and the provisions of the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan and the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions, and (c) hereby accepts the PSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

14. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No adverse modification of or adverse amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the parties to this Agreement (which writing and signing may be electronic). The failure by either party to enforce any rights under this Agreement will not be construed as a waiver of any rights of such party.

15. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer. Participant understands that the Company is under no obligation to register or qualify the Shares with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this PSU Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this PSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, then (a) such provision will be excluded from this Agreement, (b) the balance of this Agreement will be interpreted as if such provision were so excluded and (c) the balance of this Agreement will be enforceable in accordance with its terms.

17. Governing Law and Venue. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to such state's conflict of laws rules.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court for the District of Northern California or the Superior Court of California, County of San Mateo. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

18. No Rights as Employee, Director or Consultant. Nothing in this Agreement will affect in any manner whatsoever any right or power of the Company, or a Parent, Subsidiary or Affiliate, to terminate Participant's Service, for any reason, with or without Cause.

19. Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance of the Notice (whether in writing or electronically), Participant and the Company agree that the PSUs are granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement. Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address. By acceptance of the PSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the SEC, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other

communications or information related to the PSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail to Stock Administration.

20. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country of residence, the broker's country, or the country in which the Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect Participant's ability to directly or indirectly, accept, acquire, sell or attempt to sell or otherwise dispose of Shares, or rights to Shares (*e.g.*, PSUs), or rights linked to the value of Shares, during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before possessing the inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and understands that Participant should consult his or her personal legal advisor on such matters. In addition, Participant acknowledges that he or she read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

21. Foreign Asset/Account, Exchange Control and Tax Reporting. Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash resulting from his or her participation in the Plan. Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in Participant's country and/or repatriate funds received in connection with the Plan within certain time limits or according to specified procedures. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult his or her personal legal and tax advisors on such matters.

22. Code Section 409A. For purposes of this Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("***Section 409A***"). Notwithstanding anything else provided herein, to the extent any payments provided under this PSU Agreement in connection with Participant's termination of employment constitute deferred compensation subject to Section 409A, and Participant is deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (i) the expiration of the six-month period measured from Participant's separation from service from the Company or (ii) the

date of Participant's death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Participant including, without limitation, the additional tax for which Participant would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this PSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

23. Award Subject to Company Clawback or Recoupment. The PSUs shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's PSUs (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's PSUs.

BY ACCEPTING THIS AWARD OF PSUS, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

PELOTON INTERACTIVE, INC.

2019 EMPLOYEE STOCK PURCHASE PLAN

1. Establishment of Plan. Peloton Interactive, Inc. a Delaware corporation (the "***Company***"), proposes to grant options to purchase shares of Common Stock to eligible employees of the Company and its Participating Corporations pursuant to this Plan. The Company intends this Plan to qualify as an "employee stock purchase plan" under Code Section 423 and this Plan will be so construed; provided that the Company may adopt sub-plans applicable to particular Participating Corporations which sub-plans may be designed to be outside the scope of Section 423 of the Code. Subject to Section 14, a total of five million six-hundred thousand (5,600,000) shares of Common Stock is reserved for issuance under this Plan. In addition, on each July 1 for the first ten (10) calendar years after the first Offering Date, the aggregate number of shares of Common Stock reserved for issuance under the Plan will be increased automatically by the number of shares equal to one percent (1%) of the total number of outstanding shares of all classes of the Company's common stock on the immediately preceding June 30 (rounded down to the nearest whole share); provided that the Board or the Committee may in its sole discretion reduce the amount of the increase in any particular year; and provided, further, that the aggregate number of shares of Common Stock issued over the term of this Plan will not exceed fifty million (50,000,000). The number of shares reserved for issuance under this Plan and the maximum number of shares that may be issued under this Plan will be subject to adjustments effected in accordance with Section 14 of this Plan. Capitalized terms not defined elsewhere in the text are defined in Section 27.

2. Purpose. The purpose of this Plan is to provide eligible employees of the Company and Participating Corporations with a means of acquiring an equity interest in the Company through payroll deductions, to enhance such employees' sense of participation in the affairs of the Company and Participating Corporations, and to provide an incentive for continued employment.

3. Administration.

(a) The Plan will be administered by the Compensation Committee of the Board or by the Board (as applicable, the "***Committee***"). Subject to the provisions of this Plan and the limitations of Section 423 of the Code or any successor provision in the Code, all questions of interpretation or application of this Plan will be determined by the Committee and its decisions will be final and binding upon all Participants. The Committee will have full and exclusive discretionary authority to construe, interpret, and apply the terms of the Plan, to determine eligibility and determine which entities will be Participating Corporations and whether an offer to Participating Corporations is intended to meet Code Section 423 requirements and to decide upon any and all claims filed under the Plan. Every finding, decision, and determination made by the Committee will, to the full extent permitted by law, be final and binding upon all parties. The Committee will have the authority to determine the Fair Market Value (which determination will be final, binding, and conclusive for all purposes) in accordance with Section 8 below and to interpret Section 8 of the Plan in connection with circumstances that impact the Fair Market Value. Members of the Committee will receive no compensation for their services in connection with the administration of this Plan, other than standard fees as established from time to time by the Board for services rendered by Board members serving on the Board or its committees. All expenses incurred in connection with the administration of this Plan will be paid by the Company. For purposes of this Plan, the Committee may designate separate offerings under the Plan (the terms of which need not be identical) in which eligible employees of one or more Participating Corporations will participate, even if the dates of the applicable Offering Periods of each such offering are identical. The Committee may also establish rules to govern transfers of employment among the Company and any Participating Corporation, consistent with the applicable requirements of Code Section 423 and the terms of the Plan.

(b) The Committee may adopt such rules, procedures, and sub-plans as are necessary or appropriate to permit the participation in the Plan by eligible employees who are citizens or residents of a jurisdiction and/or employed outside the United States, the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of the provisions in Section 1 above setting forth the number of shares of Common Stock reserved for issuance under the Plan; provided that unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan will govern the operation of such sub-plan. Further, the Committee is specifically authorized to adopt rules and procedures regarding the application of the definition of Compensation (as defined below) to Participants on payrolls outside of the United States, handling of payroll deductions and other contributions, taking of payroll deductions and making of other contributions to the Plan, establishment of bank or trust accounts to hold contributions, payment of interest, establishment of the exchange rate applicable to payroll deductions taken and other contributions made in a currency other than U.S. dollars, obligations to pay payroll tax, determination of beneficiary designation requirements, tax withholding procedures, and handling of stock certificates that vary with applicable local requirements.

4. Eligibility. Any employee of the Company or the Participating Corporations is eligible to participate in an Offering Period under this Plan, except that the Committee may exclude any or all of the following (other than where exclusion of such employees is prohibited by applicable law):

(a) employees who are not employed by the Company or a Participating Corporation prior to the beginning of such Offering Period or prior to such other time period as specified by the Committee;

(b) employees who are customarily employed for twenty (20) or less hours per week;

(c) employees who are customarily employed for five (5) months or less in a calendar year;

(d) (i) employees who are "highly compensated employees" of the Company or any Participating Corporation (within the meaning of Section 414(q) of the Code), or (ii) any employee who are "highly compensated employees" with compensation above a specified level, who is an officer and/or is subject to the disclosure requirements of Section 16(a) of the Exchange Act;

(e) employees who are citizens or residents of a foreign jurisdiction (without regard to whether they are also a citizen of the United States or a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) if either (i) such employee's participation is prohibited under the laws of the jurisdiction governing such employee, or (ii) compliance with the laws of the foreign jurisdiction would violate the requirements of Section 423 of the Code;

(f) individuals who provide services to the Company or any of its Participating Corporations as independent contractors who are reclassified as common law employees for any reason except for federal income and employment tax purposes.

The foregoing notwithstanding, employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Corporations or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Corporations may not participate.

5. Offering Dates.

(a) While the Plan is in effect, the Committee will determine the duration and commencement date of each Offering Period and Purchase Period, provided that an Offering Period will in no event be longer than twenty-seven (27) months, except as otherwise provided by an applicable subplan and (ii) no Purchase Period will end later that the last day of the Offering Period in which it begins. Offering Periods may be consecutive or overlapping. Each Offering Period may consist of one or more Purchase Periods during which payroll deductions of Participants are accumulated under this Plan. Purchase Periods will be consecutive.

(b) Unless otherwise determined by the Committee, (i) the initial Offering Period (the "***Initial Offering Period***") shall commence on the Effective Date and end August 31, 2021 and the Initial Purchase Period (the "***Initial Purchase Period***") shall commence on the Effective Date and end February 28, 2020 (ii) the Initial Offering Period and each subsequent Offering Period shall consist of four (4) six (6) month Purchase Periods (provided that the Initial Purchase Period shall be less than six (6) months), and (iii) each Offering Period following the Initial Offering Period and each Purchase Period following the initial Purchase Period shall commence on each September 1 and March 1 and end on August 31 and February 28 of each two (2) year period or each six (6) month period following commencement of such Offering Period or Purchase Period, respectively. The Committee shall have the power to change these terms as provided in Section 25 below.

6. Participation in this Plan.

(a) **Enrollment in Initial Offering Period.** Any employee who is an eligible employee determined in accordance with Section 4 immediately prior to the Initial Offering Period will be automatically enrolled in the Initial Offering Period at a contribution level equal to fifteen percent (15%) of Compensation (the "***Initial Contribution Level***"). A Participant that is automatically enrolled in the Initial Offering Period pursuant to this section will be entitled to continue to participate in the Initial Offering Period only if such Participant submits a subscription agreement in a form determined by the Administrator, or electronic representation thereof, to the Company and/or an authorized third party administrator (the "***Third Party Administrator***") authorizing his or her contributions and confirming or changing his or her contribution rate (i) no earlier than the date on which an effective registration statement pursuant to Form S-8 is filed with respect to the issuance of Common Stock under this Plan, and (ii) within thirty-one (31) days after the filing of such Form S-8, or such longer time as may be determined by the Company (the "***Initial Offering Period Window***"). If a Participant that is automatically enrolled in the Initial Offering Period fails to submit a subscription agreement, or electronic representation thereof, during the Initial Offering Period Window, such Participant's participation in the Initial Offering Period will be automatically terminated and he or she will be withdrawn from the Initial Offering Period.

(b) **Enrollment in Subsequent Offering Periods**. With respect to Offering Periods after the Initial Offering Period, an eligible employee determined in accordance with Section 4 may elect to become a Participant by submitting a subscription agreement, or electronic representation thereof, to the Company and/or via the Third Party Administrator's standard process, prior to the commencement of the Offering Period to which such agreement relates in accordance with such rules as the Committee may determine.

(c) **Continued Enrollment in Offering Periods**. Once an employee becomes a Participant in an Offering Period (including, with respect to the Initial Offering Period, provided a Participant who is automatically enrolled submits a subscription agreement, or electronic representation thereof, within the Initial Offering Period Window), then such Participant will automatically participate in each subsequent Offering Period commencing immediately following the last day of such prior Offering

Period at the same contribution level unless the Participant withdraws or is deemed to withdraw from this Plan or terminates further participation in the Offering Period as set forth in Section 11 below or otherwise notifies the Company of a change in the Participant's contribution level by filing an additional subscription agreement or electronic representation thereof with the Company and/or the Third Party Administrator, prior to the next Offering Period. A Participant that is automatically enrolled in a subsequent Offering Period pursuant to this section (i) is not required to file any additional subscription agreement in order to continue participation in this Plan, and (ii) will be deemed to have accepted the terms and conditions of the Plan, any sub-plan, and subscription agreement in effect at the time each subsequent Offering Period begins, subject to Participant's right to withdraw from the Plan in accordance with the withdrawal procedures in effect at the time.

7. Grant of Option on Enrollment. Becoming a Participant with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such Participant of an option to purchase on the Purchase Date up to that number of shares of Common Stock determined by a fraction the numerator of which is the amount of the contribution level for such Participant multiplied by such Participant's Compensation (as defined in Section 9 below) during such Purchase Period and the denominator of which is eighty-five percent (85%) of the lower of (a) the Fair Market Value on the Offering Date or (b) the Fair Market Value on the Purchase Date, but in no event less than the par value of a share; provided, however, that for the Purchase Period within the Initial Offering Period, the numerator will be the Initial Contribution Level of the Participant's Compensation for such Purchase Period, or such lower percentage as determined by the Committee prior to the Effective Date or pursuant to a Participant's election to change the amount as set forth in Section 6(a) above; and provided, further, that the number of shares of Common Stock subject to any option granted pursuant to this Plan will not exceed the lesser of (x) the maximum number of shares set by the Committee pursuant to Section 10(b) below with respect to the applicable Purchase Date or (y) the maximum number of shares which may be purchased pursuant to Section 10(a) below with respect to the applicable Purchase Date.

8. Purchase Price. The Purchase Price in any Offering Period will be eighty-five percent (85%) of the lesser of:

(a) the Fair Market Value on the Offering Date or

(b) the Fair Market Value on the Purchase Date.

9. Payment of Purchase Price; Payroll Deduction Changes; Share Issuances.

(a) The Purchase Price of the shares is accumulated by regular payroll deductions made during each Offering Period, unless the Committee determines that contributions may be, or are required to be, made in another form (due to local law requirements, in another form with respect to categories of Participants outside the United States). The deductions are made as a percentage of the Participant's Compensation in one percent (1%) increments not less than one percent (1%), nor greater than fifteen percent (15%) or such lower limit set by the Committee. "***Compensation***" means base salary, sales commissions, and regular hourly wages (including overtime and holiday pay), or in foreign jurisdictions, equivalent cash compensation; however, the Committee may at any time prior to the beginning of an Offering Period determine that for that and future Offering Periods, Compensation means base salary or regular hourly wages, bonuses, incentive compensation, other commissions, overtime, shift premiums and/or draws against commissions (or in foreign jurisdictions, equivalent cash compensation). For purposes of determining a Participant's Compensation, any election by such Participant to reduce his or her regular cash remuneration under Sections 125 or 401(k) of the Code (or in foreign jurisdictions, equivalent salary deductions) will be treated as if the Participant did not make such election. Payroll deductions shall commence (i) for the Initial Offering Period, on the first payday on or following the end of the Initial

Offering Period Window (and, the payroll deductions for each of the remaining payroll periods in the Initial Offering Period will be increased by the amount of the payroll deductions that would have been made prior to end of the Initial Offering Period Window), and (ii) for subsequent Offering Periods, on the first payday following the beginning of any subsequent Offering Period, and in either case shall continue to the end of the applicable Offering Period unless sooner altered or terminated as provided in this Plan. Notwithstanding the foregoing, the terms of any subplan may permit matching shares without the payment of any purchase price.

(b) Subject to Section 25 below and to the rules of the Committee, a Participant may decrease the rate of payroll deductions during an ongoing Offering Period by filing with the Company and/or the Third Party Administrator a new authorization for payroll deductions, with the new rate to become effective as soon as reasonably practicable and continuing for the remainder of the Offering Period unless changed as described below. A decrease in the rate of payroll deductions may be made once during an Offering Period or more or less frequently under rules determined by the Committee. An increase in the rate of payroll deductions may not be made with respect to an ongoing Offering Period unless otherwise determined by the Committee. A Participant may increase or decrease the rate of payroll deductions for any subsequent Offering Period by filing with the Company and/or the Third Party Administrator a new authorization for payroll deductions prior to the beginning of such Offering Period or such other time period as may be specified by the Committee.

(c) Subject to Section 25 below and to the rules of the Committee, a Participant may reduce his or her payroll deduction percentage to zero during an Offering Period by filing with the Company a request for cessation of payroll deductions, with such reduction to become effective as soon as reasonably practicable and after such reduction becomes effective, no further payroll deductions will be made for the duration of the Offering Period. Payroll deductions credited to the Participant's account prior to the effective date of the request will be used to purchase shares of Common Stock in accordance with Section (e) below. A reduction of the payroll deduction percentage to zero will be treated as such Participant's withdrawal from such Offering Period and the Plan, effective as of the day after the next Purchase Date following the filing date of such request with the Company.

(d) All payroll deductions made for a Participant are credited to his or her account under this Plan and are deposited with the general funds of the Company, and the Company will not be obligated to segregate such payroll deductions, except to the extent required to be segregated due to local legal restrictions outside the United States. No interest accrues on the payroll deductions, except to the extent required due to local legal requirements outside the United States. All payroll deductions received or held by the Company may be used by the Company for any corporate purpose, except to the extent necessary to comply with local legal requirements outside the United States.

(e) On each Purchase Date, so long as this Plan remains in effect and provided that the Participant has not submitted a signed and completed withdrawal form before that date which notifies the Company and/or the Third Party Administrator that the Participant wishes to withdraw from that Offering Period under this Plan and have all payroll deductions accumulated in the account maintained on behalf of the Participant as of that date returned to the Participant, the Company will apply the funds then in the Participant's account to the purchase of whole shares of Common Stock reserved under the option granted to such Participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The Purchase Price will be as specified in Section 8 of this Plan. Any amount remaining in a Participant's account on a Purchase Date which is less than the amount necessary to purchase a full share of Common Stock will be carried forward into the next Purchase Period or Offering Period, as the case may be (except to the extent required due to local legal requirements outside the United States), or otherwise treated as determined by the Committee. In the event that this Plan has been oversubscribed, all funds not used to purchase shares on the Purchase Date will be refunded to the Participant without interest

(except to the extent required due to local legal requirements outside the United States). No Common Stock will be purchased on a Purchase Date on behalf of any employee whose participation in this Plan has terminated prior to such Purchase Date (except to the extent required due to local legal requirements outside the United States).

(f) As promptly as practicable after the Purchase Date, the Company will issue shares for the Participant's benefit representing the shares purchased upon exercise of his or her option.

(g) During a Participant's lifetime, his or her option to purchase shares hereunder is exercisable only by him or her. The Participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

(h) To the extent required by applicable federal, state, local, or foreign law, a Participant will make arrangements satisfactory to the Company and the Participating Corporation employing the Participant for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company or any Participating Corporation, as applicable, may withhold, by any method permissible under applicable law, the amount necessary for the Company or any Participating Corporation, as applicable, to meet applicable withholding obligations, including up to the maximum permissible statutory rates and including any withholding required to make available to the Company or any Participating Corporation, as applicable, any tax deductions or benefits attributable to the sale or early disposition of shares of Common Stock by a Participant. The Company will not be required to issue any shares of Common Stock under the Plan until such obligations are satisfied.

10. Limitations on Shares to be Purchased.

(a) No Participant will be entitled to purchase stock under any Offering Period at a rate which, when aggregated with such Participant's rights to purchase stock under all other employee stock purchase plans of a Participating Company intended to meet the requirements of Section 423 of the Code, that are also outstanding in the same calendar year(s) (whether under other Offering Periods or other employee stock purchase plans of the Company, its Parent, and its Subsidiaries), exceeds $25,000 in Fair Market Value, determined as of the Offering Date (or such other limit as may be imposed by the Code) for each calendar year in which such Offering Period is in effect (the "***Maximum Share Amount***"). The Company may automatically suspend the payroll deductions of any Participant as necessary to enforce such limit provided that when the Company automatically resumes such payroll deductions, the Company must apply the rate in effect immediately prior to such suspension.

(b) The Committee may, in its sole discretion, set a lower maximum number of shares which may be purchased by any Participant during any Offering Period than that determined under Section 10(a) above, which will then be the Maximum Share Amount for subsequent Offering Periods; provided, however, that in no event will a Participant be permitted to purchase more than Two Thousand Five Hundred (2,500) shares during any one Purchase Period or such greater or lesser number as the Committee may determine, irrespective of the Maximum Share Amount set forth in (a) and (b) hereof. If a new Maximum Share Amount is set, then all Participants will be notified of such Maximum Share Amount prior to the commencement of the next Offering Period for which it is to be effective. The Maximum Share Amount will continue to apply with respect to all succeeding Offering Periods unless revised by the Committee as set forth above.

(c) If the number of shares to be purchased on a Purchase Date by all Participants exceeds the number of shares then available for issuance under this Plan, then the Company will make a pro rata allocation of the remaining shares in as uniform a manner as will be reasonably practicable and as the Committee will determine to be equitable. In such event, the Company will give written notice of such reduction of the number of shares to be purchased under a Participant's option to each Participant affected.

(d) Any payroll deductions accumulated in a Participant's account which are not used to purchase stock due to the limitations in this Section 10, and not covered by Section 9(e), will be returned to the Participant as soon as administratively practicable after the end of the applicable Purchase Period, without interest (except to the extent required due to local legal requirements outside the United States).

11. Withdrawal.

(a) Each Participant may withdraw from an Offering Period under this Plan pursuant to a method specified by the Company. Such withdrawal may be elected at any time prior to the end of an Offering Period, or such other time period as specified by the Committee. The Committee may set forth a deadline of when a withdrawal must occur to be effective prior to a given Purchase Date in accordance with policies it may approve from time to time.

(b) Upon withdrawal from this Plan, the accumulated payroll deductions will be returned to the withdrawn Participant, without interest (except to the extent required due to local legal requirements outside the United States), and his or her interest in this Plan will terminate. In the event a Participant voluntarily elects to withdraw from this Plan, he or she may not resume his or her participation in this Plan during the same Offering Period, but he or she may participate in any Offering Period under this Plan which commences on a date subsequent to such withdrawal by filing a new authorization for payroll deductions in the same manner as set forth in Section 6 above for initial participation in this Plan.

(c) To the extent applicable, if the Fair Market Value on the first day of the current Offering Period in which a Participant is enrolled is higher than the Fair Market Value on the last day of any applicable Purchase Period, the Company will automatically withdraw the Participant from the current Offering Period and enroll such Participant in the subsequent Offering Period. Any funds accumulated in a Participant's account prior to the first day of such subsequent Offering Period will be applied to the purchase of shares on the Purchase Date next following the first day of such subsequent Offering Period.

12. Termination of Employment. Termination of a Participant's employment for any reason, including (but not limited to) retirement, death, disability, or the failure of a Participant to remain an eligible employee of the Company or of a Participating Corporation, or Participant's employer no longer being a Participating Corporation, immediately terminates his or her participation in this Plan (except to the extent required due to local legal requirements outside the United States). In such event, accumulated payroll deductions credited to the Participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest (except to the extent required due to local legal requirements outside the United States). For purposes of this Section 12, an employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Participating Corporation in the case of sick leave, military leave, or any other leave of absence approved by the Company; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute. The Company will have sole discretion to determine whether a Participant has terminated employment and the effective date on which the Participant terminated employment, regardless of any notice period or garden leave required under local law.

13. Return of Payroll Deductions. In the event a Participant's interest in this Plan is terminated by withdrawal, termination of employment, or otherwise, or in the event this Plan is terminated by the Board, the Company will deliver to the Participant all accumulated payroll deductions credited to such Participant's account. No interest will accrue on the payroll deductions of a Participant in this Plan (except to the extent required due to local legal requirements outside the United States).

14. Capital Changes. If the number of outstanding shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification, or similar change in the capital structure of the Company, without consideration, then the Committee will adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price, and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, and the numerical limits of Sections 1 and 10 will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws; provided that fractions of a share will not be issued.

15. Nonassignability. Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares under this Plan may be assigned, transferred, pledged, or otherwise disposed of in any way (other than by will, pursuant to the laws of descent and distribution, or as provided in Section 22 below) by the Participant. Any such attempt at assignment, transfer, pledge, or other disposition will be void and without effect.

16. Use of Participant Funds and Reports. The Company may use all payroll deductions received or held by it under the Plan for any corporate purpose, and the Company will not be required to segregate Participant payroll deductions (except to the extent required due to local legal requirements outside the United States). Until shares are issued, Participants will only have the rights of an unsecured creditor (except to the extent required due to local legal requirements outside the United States). Each Participant will receive, or have access to, promptly after the end of each Purchase Period a report of his or her account setting forth the total payroll deductions accumulated, the number of shares purchased, the Purchase Price thereof, and the remaining cash balance, if any, carried forward or refunded, as determined by the Committee, to the next Purchase Period or Offering Period, as the case may be.

17. Notice of Disposition. If Participant is subject to tax in the United States, Participant will notify the Company in writing if the Participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan. If such disposition occurs within two (2) years from the Offering Date or within one (1) year from the Purchase Date on which such shares were purchased, the Company may place a legend or legends on any certificate representing shares acquired pursuant to this Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the Participant to provide such notice will continue notwithstanding the placement of any such legend on the certificates.

18. No Rights to Continued Employment. Neither this Plan nor the grant of any option hereunder will confer any right on any employee to remain in the employ of the Company or any Participating Corporation, or restrict the right of the Company or any Participating Corporation to terminate such employee's employment.

19. Equal Rights And Privileges. All eligible employees granted an option under this Plan that is intended to meet the Code Section 423 requirements will have equal rights and privileges with respect to this Plan or within any separate offering under the Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of this Plan which is inconsistent with Section 423 or any successor provision of the Code will, without further act or amendment by the Company or the Committee, be reformed to comply with the requirements of Section 423 (unless such provision applies exclusively to options granted under the Plan that are not intended to comply with the Code Section 423 requirements). This Section 19 will take precedence over all other provisions in this Plan.

20. Notices. All notices or other communications by a Participant to the Company under or in connection with this Plan will be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Term; Stockholder Approval. This Plan will become effective on the Effective Date. This Plan will be approved by the stockholders of the Company within twelve (12) months before or after the date this Plan is adopted by the Board. No purchase of shares that are subject to such stockholder approval before becoming available under this Plan will occur prior to stockholder approval of such shares, and the Committee may delay any Purchase Date and postpone the commencement of any Offering Period subsequent to such Purchase Date as deemed necessary or desirable to obtain such approval (provided that if a Purchase Date would occur more than twenty-four (24) months after commencement of the Offering Period to which it relates, then such Purchase Date will not occur, and instead such Offering Period will terminate without the purchase of such shares and Participants in such Offering Period will be refunded their contributions without interest, unless the payment of interest is required under local laws). This Plan will continue until the earlier to occur of (a) termination of this Plan by the Board (which termination may be effected by the Board at any time pursuant to Section 25 below), (b) issuance of all of the shares of Common Stock reserved for issuance under this Plan, or (c) the tenth anniversary of the first Purchase Date under the Plan.

22. Designation of Beneficiary.

(a) If provided in the subscription agreement, a Participant may file a written or electronic designation of a beneficiary who is to receive any shares and cash, if any, from the Participant's account under this Plan in the event of such Participant's death subsequent to the end of a Purchase Period but prior to delivery to him of such shares and cash. In addition, a Participant may file a written or electronic designation of a beneficiary who is to receive any cash from the Participant's account under this Plan in the event of such Participant's death prior to a Purchase Date. Such form will be valid only if it was filed with the Company and/or the Third Party Administrator at the prescribed location before the Participant's death.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice filed with the Company at the prescribed location before the Participant's death. In the event of the death of a Participant, and in the absence of a beneficiary validly designated under this Plan who is living at the time of such Participant's death, the Company will deliver such cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or, if no spouse is known to the Company, then to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

23. Conditions Upon Issuance of Shares; Limitation on Sale of Shares. shares will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed, exchange control restrictions, securities law restrictions, or other applicable laws outside the United States, and will be further subject to the approval of counsel for the Company with respect to such compliance. shares may be held in trust or subject to further restrictions as permitted by any subplan.

24. Applicable Law. The Plan will be governed by the substantive laws (excluding the conflict of laws rules) of the State of Delaware.

25. Amendment or Termination. The Committee, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Committee, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Purchase Date (which may be sooner than originally scheduled, if determined by the Committee in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 14). If an Offering Period is terminated prior to its previously-scheduled expiration, all amounts then credited to Participants' accounts for such Offering Period, which have not been used to purchase shares of Common Stock, will be returned to those Participants (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable. Further, the Committee will be entitled to establish rules to change the Purchase Periods and Offering Periods, limit the frequency and/or number of changes in the amount contributed during a Purchase Period or an Offering Period, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the administration of the Plan, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts contributed from the Participant's Compensation, and establish such other limitations or procedures as the Committee determines in its sole discretion advisable which are consistent with the Plan. Such actions will not require stockholder approval or the consent of any Participants. However, no amendment will be made without approval of the stockholders of the Company (obtained in accordance with Section 21 above) within twelve (12) months of the adoption of such amendment (or earlier if required by Section 21) if such amendment would (a) increase the number of shares that may be issued under this Plan or (b) change the designation of the employees (or class of employees) eligible for participation in this Plan. In addition, in the event the Committee determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Committee may, in its discretion and, to the extent necessary or desirable, modify, amend, or terminate the Plan to reduce or eliminate such accounting consequences including, but not limited to: (a) amending the definition of compensation, including with respect to an Offering Period underway at the time; (b) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price; (c) shortening any Offering Period by setting a Purchase Date, including an Offering Period underway at the time of the Committee action; (d) reducing the maximum percentage of compensation a Participant may elect to set aside as payroll deductions; and (e) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period. Such modifications or amendments will not require approval of the stockholders of the Company or the consent of any Participants.

26. Corporate Transactions. In the event of a Corporate Transaction (as defined below), each outstanding right to purchase Common Stock will be assumed or an equivalent option substituted by the successor corporation or a parent or a subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the purchase right, the Offering Period with respect to which such purchase right relates will be shortened by setting a new Purchase Date (the "***New Purchase Date***") and will end on the New Purchase Date. The New Purchase Date will occur on or prior to the consummation of the Corporate Transaction, and the Plan will terminate on the consummation of the Corporate Transaction.

27. Definitions.

(a) "***Affiliate***" means any entity, other than a Subsidiary or Parent, (i) that, directly or indirectly, is controlled by, controls or is under common control with, the Company and (ii) in which the Company has a significant equity interest, in either case as determined by the Committee, whether now or hereafter existing.

(b) "***Board***" means the Board of Directors of the Company.

(c) "***Code***" means the U.S. Internal Revenue Code of 1986, as amended.

(d) "***Common Stock***" means the Class A common stock of the Company.

(e) "***Corporate Transaction***" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

(f) "***Effective Date***" means the date on which the Registration Statement covering the initial public offering of shares of Common Stock is declared effective by the U.S. Securities and Exchange Commission.

(g) "***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended.

(h) "***Fair Market Value***" means, as of any date, the value of a share of Common Stock, determined as follows:

(i) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street* Journal or such other source as the Committee deems reliable;

(ii) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(iii) if such Common Stock is publicly traded but is neither quoted on the Nasdaq Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(iv) with respect to the Initial Offering Period, Fair Market Value on the Offering Date shall be the price at which shares of Common Stock are offered to the public pursuant to the Registration Statement covering the initial public offering of the shares of Common Stock; and

(v) if none of the foregoing is applicable, by the Committee in good faith.

(i) "***Offering Date***" means the first Trading Day of each Offering Period; however, for the Initial Offering Period the Offering Date will be the Effective Date.

(j) "***Offering Period***" means a period with respect to which the right to purchase Common Stock may be granted under the Plan, as determined by the Committee pursuant to Section 5(a).

(k) "***Parent***" will have the same meaning as "parent corporation" in Sections 424(e) and 424(f) of the Code.

(l) "***Participant***" means an eligible employee who meets the eligibility requirements set forth in Section 4 and who is either automatically enrolled in the Initial Offering Period or who elects to participate in this Plan, in each case subject and pursuant to Section 6.

(m) "***Participating Corporation***" means any Parent, Subsidiary or Affiliate that the Board designates from time to time as a corporation that will participate in this Plan.

(n) "***Plan***" means this Peloton Interactive, Inc., 2019 Employee Stock Purchase Plan.

(o) "***Purchase Date***" means the last Trading Day of each Purchase Period.

(p) "***Purchase Period***" means a period during which contributions may be made toward the purchase of Common Stock under the Plan, as determined by the Committee pursuant to Section 5(b).

(q) "***Purchase Price***" means the price at which Participants may purchase a share of Common Stock under the Plan, as determined pursuant to Section 8.

(r) "***Securities Act***" means the U.S. Securities Act of 1933, as amended.

(s) "***Subsidiary***" will have the same meaning as "subsidiary corporation" in Sections 424(e) and 424(f) of the Code.

(t) "***Trading Day***" means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the ESPP.

SECTION 1: **ACTIONS**	**CHECK DESIRED ACTION:** — **AND COMPLETE SECTIONS:** ☐ Enroll in the ESPP — 2 + 3 + 4 + 19 ☐ Change Contribution Percentage *(for next Offering Period)* — 2 + 4 + 19 ☐ Withdraw from ESPP — 2 + 5 + 19
SECTION 2: **PERSONAL DATA**	Name: _____ Home Address: _____ _____ Social Security No. or Employee ID No.: _____
SECTION 3: **ENROLL**	☐ I hereby elect to participate in the ESPP, effective at the beginning of the next Offering Period. I elect to purchase shares of the common stock of the Company pursuant to the ESPP. I understand that the stock certificate(s) for the Shares purchased on my behalf will be issued in street name and deposited directly into my brokerage account at the Company's captive broker. I hereby agree to take all steps, and sign all forms, required to establish an account with the Company's captive broker for this purpose. My participation will continue as long as the Company offers the ESPP and I remain eligible, unless I withdraw from the ESPP by filing a new Enrollment/Change Form with the Company. I understand that I must notify the Company of any disposition of Shares purchased under the ESPP.
SECTION 4: **ELECT/CHANGE CONTRIBUTION PERCENTAGE**	I hereby authorize the Company to withhold from each of my paychecks such amount as is necessary to equal at the end of the applicable Offering Period the percentage of my Compensation (as defined in the ESPP) paid to me during such Offering Period as indicated below, so long as I continue to participate in the ESPP. **The percentage must be a whole number (from 1% up to a maximum of __%). This change will be effective for the Next Offering Period.** Designated contribution percentage: __% If this is a change to my current enrollment, this represents an ☐ increase ☐ decrease to my contribution percentage. **Note:** You may not increase your contributions at any time within an ongoing Offering Period. An increase in your contribution percentage can only take effect with the next Offering Period. You may decrease your Contribution percentage to a percentage other than 0% only once within an ongoing Offering Period to be effective during that Offering Period. If you decrease your percentage to 0%, any previously accumulated contributions will be used to purchase shares on the next Purchase Date pursuant to Section 9 of the ESPP. A change will become effective as soon as reasonably practicable after the form is received by the Company.
SECTION 5: **WITHDRAW FROM PLAN**	***DO NOT CHECK ANY OF THE BOXES BELOW IF YOU WISH TO CONTINUE TO PARTICIPATE IN THE ESPP*** ☐ **I hereby elect to withdraw from, and discontinue my participation in, the ESPP**, effective as soon as reasonably practicable after this form is received by the Company. Accumulated contributions will be returned to me without interest (except to the extent required due to local legal requirements outside the United States), pursuant to Section 11 of the ESPP. **Note: I understand that I cannot resume participation until the start of the next Offering Period and must timely file a new enrollment form to do so.**

SECTION 6: **ELECTRONIC DELIVERY AND ACCEPTANCE**	The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the ESPP by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the ESPP through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
SECTION 7: **NO ADVICE REGARDING PARTICIPATION**	The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding my participation in the ESPP or my acquisition or sale of Shares. I acknowledge, understand and agree that I should consult with my own personal tax, legal and financial advisors regarding my participation in the ESPP before taking any action related to the ESPP.
SECTION 8: **APPENDIX**	Notwithstanding any provisions of the Agreement, my participation in the ESPP will be subject to any special terms and conditions set forth in the appendix to this Agreement for employees outside the United States (the "***Appendix***"). Moreover, if I relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to me, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of the Agreement.
SECTION 9: **TERMINATION, MODIFICATION AND IMPOSITION OF OTHER REQUIREMENTS**	The Company, at its option, may elect to terminate, suspend or modify the terms of the ESPP at any time, to the extent permitted by the ESPP. I agree to be bound by such termination, suspension or modification regardless of whether notice is given to me of such event, subject in any case to my right to timely withdraw from the ESPP in accordance with the ESPP withdrawal procedures then in effect. The Company reserves the right to impose other requirements on my participation in the ESPP, to the extent the Company determines it is necessary or advisable for legal or administrative reasons and to require me to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
SECTION 10: **SEVERABILITY**	If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, then (i) such provision will be excluded from the Agreement, (ii) the balance of the Agreement will be interpreted as if such provision were so excluded and (iii) the balance of the Agreement will be enforceable in accordance with its terms.
SECTION 11: **WAIVER**	I acknowledge that a waiver by the Company of breach of any provision of the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or any subsequent breach by any Participant.
SECTION 12: **GOVERNING LAW AND VENUE**	The Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the substantive laws of the State of Delaware, without giving effect to such state's conflict of laws rules. Any and all disputes relating to, concerning or arising from the Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the ESPP or this Agreement, will be brought and heard exclusively in the United States District Court for the Southern District of New York or the Supreme Court of New York, County of New York. Each of the parties hereby (i) represents and agrees that such party is subject to the personal jurisdiction of said courts; (ii) irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and (iii) waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.
SECTION 13: **RESPONSIBILITY FOR TAXES**	I acknowledge that, regardless of any action taken by the Company or the Parent or Subsidiary employing me (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to my participation in the ESPP and legally applicable to me ("***Tax-Related Items***") is and remains my responsibility and may exceed the amount withheld by the Company or the Employer, if any. I further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the purchase rights granted pursuant to the ESPP, including, but not limited to, the purchase of Shares, the subsequent sale of Shares acquired pursuant to such purchase and the receipt of any

	dividends (if any); and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of my participation to reduce or eliminate my liability for Tax-Related Items or achieve any particular tax result. Further, if I am subject to Tax-Related Items in more than one jurisdiction, I acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Prior to any relevant taxable or tax withholding event, as applicable, I agree to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, I authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following: a. withholding from my wages or other cash compensation paid to me by the Company and/or the Employer or any Parent or Subsidiary; b. withholding from proceeds of the sale of Shares acquired upon purchase either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization and without further consent); c. my payment of a cash amount (including by check representing readily available funds or a wire transfer) to the Company or Employer; or d. any other arrangement approved by the Committee and permitted under applicable law, all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable. Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for my tax jurisdiction(s) in which case I will have no entitlement to the equivalent amount in Shares and may receive a refund of any over-withheld amount in cash in accordance with applicable law. Finally, I agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of my participation in the ESPP that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if I fail to comply with my obligations in connection with the Tax-Related Items.
SECTION 14: **NATURE OF GRANT**	By enrolling and participating in the ESPP, I acknowledge, understand and agree that: a. the ESPP is established voluntarily by the Company and it is discretionary in nature; b. all decisions with respect to future offers to participate in the ESPP, if any, will be at the sole discretion of the Committee; c. I am voluntarily participating in the ESPP; d. the purchase rights and Shares subject to the purchase rights, and the income from and value of same, are not intended to replace any pension rights or compensation; e. the purchase rights and the Shares subject to the purchase rights, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; f. unless otherwise agreed with the Company, the purchase rights and the Shares subject to the purchase rights, and the income from and value of same, are not granted as consideration for or in connection with the service I may provide as a director of any parent or Subsidiary; and

	g. neither the Company, the Employer nor any Parent or Subsidiary will be liable for any foreign exchange rate fluctuation between my local currency and the United States Dollar that may affect the value of the purchase rights or of any amounts due to me pursuant to purchase or sale of Shares under the ESPP.
SECTION 15: **DATA PRIVACY**	***I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in the Agreement and any other grant materials by and among, as applicable, the Employer, the Company and any Parent or Subsidiary for the exclusive purpose of implementing, administering and managing my participation in the ESPP.*** ***I understand that the Company and the Employer may hold certain personal information about me, including, but not limited to, my name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all purchase rights or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor ("Data"), for the exclusive purpose of implementing, administering and managing the ESPP.*** ***I understand that Data will be transferred to E*TRADE Financial Services, Solium-Shareworks, or other third party ("Online Administrator") and its affiliated companies or such other stock plan service provider as may be designated by the Company from time to time, which is assisting the Company with the implementation, administration and management of the ESPP. I understand that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than my country. I understand that if I reside outside the United States, I may request a list with the names and addresses of any potential recipients of Data by contacting my local human resources representative. I authorize the Company, Online Administrator, or such other stock plan service provider as may be designated by the Company from time to time, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the ESPP to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing my participation in the ESPP. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the ESPP. I understand if I reside outside the United States, I may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting my local human resources representative. Further, I understand that I am providing the consents herein on a purely voluntary basis. If I do not consent, or if I later seek to revoke my consent, my employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing my consent is that the Company would not be able to grant purchase rights or other equity awards to me or administer or maintain such awards. Therefore, I understand that refusing or withdrawing my consent may affect my ability to participate in the ESPP. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.*** ***Finally, upon request of the Company or the Employer, I agree to provide an executed data privacy consent form (or any other agreements or consents) that the Company or the Employer may deem necessary to obtain from me for the purpose of administering my participation in the ESPP in compliance with the data privacy laws in my country, either now or in the future. I understand and agree that I will not be able to participate in the ESPP if I fail to provide any such consent or agreement requested by the Company and/or the Employer.***
SECTION 16: **INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS**	I acknowledge that, depending on my country of residence, the broker's country, or the country in which the Shares are listed, I may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect my ability to directly or indirectly, accept, acquire, sell or attempt to sell or otherwise dispose of Shares, or rights to Shares (*e.g.*, purchase rights), or rights linked to the value of Shares, during such times as I am considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdiction). Local insider trading laws and regulations may prohibit the cancellation

	or amendment of orders I placed before possessing the inside information. Furthermore, I may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. I acknowledge that it is my responsibility to comply with any applicable restrictions and understand that I should consult my personal legal advisor on such matters. In addition, I acknowledge having read the Company's Insider Trading Policy, and agree to comply with such policy, as it may be amended from time to time, whenever I acquire or dispose of the Company's securities.
SECTION 17: **FOREIGN ASSET/ACCOUNT, EXCHANGE CONTROL AND TAX REPORTING**	I may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash resulting from my participation in the ESPP. I may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in my country and/or to repatriate funds received in connection with the ESPP within certain time limits or according to specified procedures. I acknowledge that I am responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult my personal legal and tax advisors on such matters.
SECTION 18: **LANGUAGE**	I acknowledge that I am sufficiently proficient in English to understand the terms and conditions of the Agreement and the ESPP. Furthermore, if I have received this Agreement, or any other document related to the purchase rights and/or the ESPP translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.
SECTION 19: **ACKNOWLEDGMENT AND SIGNATURE**	I acknowledge that I have received and read a copy of the ESPP Prospectus (which summarizes the features of the ESPP). My signature below (or my clicking on the Accept box if this is an electronic form) indicates that I hereby agree to be bound by the terms of the ESPP. Signature: _____ Date: _____

PELOTON INTERACTIVE, INC. (THE "COMPANY")
2019 EMPLOYEE STOCK PURCHASE PLAN ("ESPP")

INITIAL OFFERING PERIOD
CONFIRMATION & CHANGE FORM AND AGREEMENT
(THE "AGREEMENT")

Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the ESPP.

SECTION 1: **ACTIONS**	**CHECK DESIRED ACTION:** **AND COMPLETE SECTIONS:** ☐ Confirm / Change Contribution Percentage 2 + 4 + 19 ☐ Withdraw from ESPP 2 + 5 + 19
SECTION 2: **PERSONAL DATA**	Name: _____ Home Address: _____ _____ Social Security No. or Employee ID No.: _____
SECTION 3: **ENROLLMENT CONFIRMED**	I understand that I have been automatically enrolled in the ESPP, and I hereby elect to continue to participate in the ESPP. I understand that my enrollment was effective at the beginning of the Initial Offering Period and as a result of that enrollment I am electing to purchase shares of the common stock of the Company pursuant to the ESPP. I understand that the stock certificate(s) for the Shares purchased on my behalf will be issued in street name and deposited directly into my brokerage account at the Company's captive broker. I hereby agree to take all steps, and sign all forms, required to establish an account with the Company's captive broker for this purpose. My participation will continue as long as the Company offers the ESPP and I remain eligible, unless I withdraw from the ESPP by filing a new Enrollment/Change Form with the Company. I understand that I must notify the Company of any disposition of Shares purchased under the ESPP.
SECTION 4: **CHANGE CONTRIBUTION PERCENTAGE**	I understand that I am currently enrolled in the ESPP at a contribution of ___% of my Compensation (as defined in the ESPP). I hereby authorize the Company to either (a) continue the automatic enrollment at the ___% contribution level, or (b) continue the automatic enrollment but decrease the contribution level, in either case, by withholding from each of my paychecks such amount as is necessary to equal at the end of the applicable Offering Period the percentage of my Compensation (as defined in the ESPP) paid to me during such Offering Period as indicated below, so long as I continue to participate in the ESPP. The percentage must be a whole number (from 1% up to a maximum of __%). ☐-continue my contribution at **__%** ☐-decrease my contribution percentage to __% **(must be a whole number from 1% up to a maximum of __%).** For the Initial Offering Period (provided you have timely submitted this Confirmation/Change Form to continue your participation in the ESPP), the withholding from your paychecks may be increased by the Company to achieve the designated contribution percentage for the full Offering Period.
SECTION 5: **WITHDRAW**	***DO NOT CHECK ANY OF THE BOXES BELOW IF YOU WISH TO CONTINUE TO PARTICIPATE IN THE ESPP*** ☐-I understand that my enrollment in the ESPP was effective at the beginning of the Initial Offering Period. **I hereby elect to withdraw from, and discontinue my participation in, the ESPP**, effective as soon as reasonably practicable after this form is received by the Company. Accumulated contributions will be returned to me without interest (except to the extent required due to local legal requirements outside the United States), pursuant to Section 11 of the ESPP.

	Note: No contributions will be made if you elect to withdraw of the ESPP. **I understand that I cannot resume participation until the start of the next Offering Period and must timely file a new enrollment form to do so.**
SECTION 6: **ELECTRONIC DELIVERY AND ACCEPTANCE**	The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the ESPP by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the ESPP through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
SECTION 7: **NO ADVICE REGARDING PARTICIPATION**	The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding my participation in the ESPP or my acquisition or sale of Shares. I acknowledge, understand and agree that I should consult with my own personal tax, legal and financial advisors regarding my participation in the ESPP before taking any action related to the ESPP.
SECTION 8: **APPENDIX**	Notwithstanding any provisions of the Agreement, my participation in the ESPP will be subject to any special terms and conditions set forth in the appendix to this Agreement for employees outside the United States (the "***Appendix***"). Moreover, if I relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to me, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of the Agreement.
SECTION 9: **TERMINATION, MODIFICATION AND IMPOSITION OF OTHER REQUIREMENTS**	The Company, at its option, may elect to terminate, suspend or modify the terms of the ESPP at any time, to the extent permitted by the ESPP. I agree to be bound by such termination, suspension or modification regardless of whether notice is given to me of such event, subject in any case to my right to timely withdraw from the ESPP in accordance with the ESPP withdrawal procedures then in effect. The Company reserves the right to impose other requirements on my participation in the ESPP, to the extent the Company determines it is necessary or advisable for legal or administrative reasons and to require me to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
SECTION 10: **SEVERABILITY**	If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, then (i) such provision will be excluded from the Agreement, (ii) the balance of the Agreement will be interpreted as if such provision were so excluded and (iii) the balance of the Agreement will be enforceable in accordance with its terms.
SECTION 11: **WAIVER**	I acknowledge that a waiver by the Company of breach of any provision of the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or any subsequent breach by any Participant.
SECTION 12: **GOVERNING LAW AND VENUE**	The Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the substantive laws of the State of Delaware, without giving effect to such state's conflict of laws rules. Any and all disputes relating to, concerning or arising from the Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the ESPP or this Agreement, will be brought and heard exclusively in the United States District Court for the Southern District of New York or the Supreme Court of New York, County of New York. Each of the parties hereby (i) represents and agrees that such party is subject to the personal jurisdiction of said courts; (ii) irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute; and (iii) waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

SECTION 13: **RESPONSIBILITY FOR TAXES**	I acknowledge that, regardless of any action taken by the Company or the Parent or Subsidiary employing me (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to my participation in the ESPP and legally applicable to me ("***Tax-Related Items***") is and remains my responsibility and may exceed the amount withheld by the Company or the Employer, if any. I further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the purchase rights granted pursuant to the ESPP, including, but not limited to, the purchase of Shares, the subsequent sale of Shares acquired pursuant to such purchase and the receipt of any dividends (if any); and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of my participation to reduce or eliminate my liability for Tax-Related Items or achieve any particular tax result. Further, if I am subject to Tax-Related Items in more than one jurisdiction, I acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Prior to any relevant taxable or tax withholding event, as applicable, I agree to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, I authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following: a. withholding from my wages or other cash compensation paid to me by the Company and/or the Employer or any Parent or Subsidiary; b. withholding from proceeds of the sale of Shares acquired upon purchase either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization and without further consent); c. my payment of a cash amount (including by check representing readily available funds or a wire transfer) to the Company or Employer; or d. any other arrangement approved by the Committee and permitted under applicable law, all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable. Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for my tax jurisdiction(s) in which case I will have no entitlement to the equivalent amount in Shares and may receive a refund of any over-withheld amount in cash in accordance with applicable law. Finally, I agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of my participation in the ESPP that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if I fail to comply with my obligations in connection with the Tax-Related Items.
SECTION 14: **NATURE OF GRANT**	By enrolling and participating in the ESPP, I acknowledge, understand and agree that: a. the ESPP is established voluntarily by the Company and it is discretionary in nature; b. all decisions with respect to future offers to participate in the ESPP, if any, will be at the sole discretion of the Committee; c. I am voluntarily participating in the ESPP; d. the purchase rights and Shares subject to the purchase rights, and the income from and value of same, are not intended to replace any pension rights or compensation;

	e. the purchase rights and the Shares subject to the purchase rights, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; f. unless otherwise agreed with the Company, the purchase rights and the Shares subject to the purchase rights, and the income from and value of same, are not granted as consideration for or in connection with the service I may provide as a director of any parent or Subsidiary; and g. neither the Company, the Employer nor any Parent or Subsidiary will be liable for any foreign exchange rate fluctuation between my local currency and the United States Dollar that may affect the value of the purchase rights or of any amounts due to me pursuant to purchase or sale of Shares under the ESPP.
SECTION 15: **DATA PRIVACY**	***I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in the Agreement and any other grant materials by and among, as applicable, the Employer, the Company and any Parent or Subsidiary for the exclusive purpose of implementing, administering and managing my participation in the ESPP.*** ***I understand that the Company and the Employer may hold certain personal information about me, including, but not limited to, my name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all purchase rights or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor ("Data"), for the exclusive purpose of implementing, administering and managing the ESPP.*** ***I understand that Data will be transferred to E*TRADE Financial Services, Solium-Shareworks, or other third party ("Online Administrator") and its affiliated companies or such other stock plan service provider as may be designated by the Company from time to time, which is assisting the Company with the implementation, administration and management of the ESPP. I understand that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than my country. I understand that if I reside outside the United States, I may request a list with the names and addresses of any potential recipients of Data by contacting my local human resources representative. I authorize the Company, Online Administrator, or such other stock plan service provider as may be designated by the Company from time to time, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the ESPP to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing my participation in the ESPP. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the ESPP. I understand if I reside outside the United States, I may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting my local human resources representative. Further, I understand that I am providing the consents herein on a purely voluntary basis. If I do not consent, or if I later seek to revoke my consent, my employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing my consent is that the Company would not be able to grant purchase rights or other equity awards to me or administer or maintain such awards. Therefore, I understand that refusing or withdrawing my consent may affect my ability to participate in the ESPP. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.***

	Finally, upon request of the Company or the Employer, I agree to provide an executed data privacy consent form (or any other agreements or consents) that the Company or the Employer may deem necessary to obtain from me for the purpose of administering my participation in the ESPP in compliance with the data privacy laws in my country, either now or in the future. I understand and agree that I will not be able to participate in the ESPP if I fail to provide any such consent or agreement requested by the Company and/or the Employer.
SECTION 16: **INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS**	I acknowledge that, depending on my country of residence, the broker's country, or the country in which the Shares are listed, I may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect my ability to directly or indirectly, accept, acquire, sell or attempt to sell or otherwise dispose of Shares, or rights to Shares (*e.g.*, purchase rights), or rights linked to the value of Shares, during such times as I am considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders I placed before possessing the inside information. Furthermore, I may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. I acknowledge that it is my responsibility to comply with any applicable restrictions and understand that I should consult my personal legal advisor on such matters. In addition, I acknowledge having read the Company's Insider Trading Policy, and agree to comply with such policy, as it may be amended from time to time, whenever I acquire or dispose of the Company's securities.
SECTION 17: **FOREIGN ASSET/ACCOUNT, EXCHANGE CONTROL AND TAX REPORTING**	I may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash resulting from my participation in the ESPP. I may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in my country and/or to repatriate funds received in connection with the ESPP within certain time limits or according to specified procedures. I acknowledge that I am responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult my personal legal and tax advisors on such matters.
SECTION 18: **LANGUAGE**	I acknowledge that I am sufficiently proficient in English to understand the terms and conditions of the Agreement and the ESPP. Furthermore, if I have received this Agreement, or any other document related to the purchase rights and/or the ESPP translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.
SECTION 19: **ACKNOWLEDGMENT AND SIGNATURE**	I acknowledge that I have received and read a copy of the ESPP Prospectus (which summarizes the features of the ESPP). My signature below (or my clicking on the Accept box if this is an electronic form) indicates that I hereby agree to be bound by the terms of the ESPP. Signature: _____ Date: _____

September 9, 2019

John Foley
c/o Peloton Interactive, Inc.
125 West 25th Street, 11th Floor
New York, New York 10001

Re: Continued Employment with Peloton Interactive, Inc.

Dear John,

This employment letter confirms your continued employment as Chief Executive Officer with Peloton Interactive, Inc., a Delaware Corporation (the "***Company***" or "***Peloton***"). You will continue to report to the Board of Directors of the Company (the "***Board***") and will remain a member of the Board.

1. **Cash Compensation**. Your annual base salary will be One Million Dollars ($1,000,000) per year, payable in accordance with the Company's standard payroll schedule. This salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time. You will also be eligible for an annual bonus (the "***Annual Bonus***") with a target of 100% of your base salary ("***Target Bonus***"). The actual Annual Bonus payout will be based on achievement of performance goals to be determined by the Board or its Compensation Committee. The Annual Bonus, if any, will be payable within 2½ months following the end of the fiscal year (currently June 30) to which it relates.

2. **Benefits**. In addition, you will be eligible to participate in Company-sponsored benefits available to employees generally. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time. Except as provided below, the Company reserves the right to change or otherwise modify, in its sole discretion, the preceding terms of employment, as well as any of the terms set forth herein at any time in the future. We also acknowledge that you have entered into a Participation Agreement under the Severance and Change in Control Plan with the Company (the "***Participation Agreement***").

3. **Confidentiality**. As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. You acknowledge that you have signed and are bound by the terms of the Company's standard "New Hire Agreement" as attached hereto as Exhibit A. During the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.

4. **Equity**. You currently hold Company equity grants. You will be eligible for future discretionary equity grants at the sole discretion of the Company.

5. **Tax Matters.**

(a) **Withholding**. All forms of compensation referred to in this letter agreement and the Participation Agreement are subject to applicable federal, state and local income tax withholding, payroll taxes and other deductions required by law.

(b) **Tax Advice**. You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or the Board related to tax liabilities arising from your compensation.

6. **At Will Employment**. While we look forward to a continued long and profitable relationship, you are an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with our without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) should be regarded by you as ineffective. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Any modification or change in your at will employment status may only occur by way of a written employment agreement signed by you and the Board.

7. Arbitration. You and the Company shall submit to mandatory and exclusive binding arbitration of any controversy or claim arising out of, or relating to, this Agreement or any breach hereof, provided, however, that the parties retain their right to, and shall not be prohibited, limited or in any other way restricted from, seeking or obtaining equitable relief from a court having jurisdiction over the parties. Such arbitration shall be governed by the Federal Arbitration Act and conducted through the American Arbitration Association in the State of New York, New York County, before a single neutral arbitrator, in accordance with JAMS Employment Arbitration Rules and Procedures in effect at that time. The parties hereby waive any rights they may have to have any such claims tried before a judge or jury. The parties may conduct only essential discovery prior to the hearing, as defined by the AAA arbitrator. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. You shall bear only those costs of arbitration you would otherwise bear had you brought a claim covered by this Agreement in court. Judgment upon the determination or award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

Very truly yours,

/s/ Erik Blachford
Erik Blachford
Lead Independent Director

I have read and understood this employment letter and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment except as specifically set forth herein.

/s/ John Foley
John Foley

Date Signed: September 9, 2019

Exhibit A

New Hire Agreement

January 28th, 2017

William Lynch

Dear William:

Peloton Interactive, Inc. (together with its successors and assigns, the "Company") is pleased to offer you employment ("Offer") on the following terms:

1. **Position**. Your title will be President of Peloton Interactive, Inc., and you will report to the Company's Chief Executive Officer. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. **Cash Compensation**. The Company will pay you a starting salary at the rate of $500,000.00 per year, payable in accordance with the Company's standard payroll schedule. This salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time, but shall not be lower than $475,000.00 during your employment with the Company. Starting with the Company's fiscal year 2017 (which begins March 1, 2017), you will also be eligible for an annual bonus (the "Annual Bonus") with a target of 100% of your base salary ("Target Bonus"). The actual Annual Bonus payout will be based on achievement of performance goals to be determined by the Company's Board of Directors or its Compensation Committee. For fiscal year 2017, such performance goals will be provided no later than three (3) months from your start date and shall be provided to you in writing. The actual Annual Bonus payout may be higher or lower than the Target Bonus. The Annual Bonus, if any, will be payable within 2½ months following the end of the Company's fiscal year (currently February 28) to which it relates. Except as set forth in Section 5 below, the Annual Bonus will be payable only if you are employed on the last day of the Company's fiscal year.

3. **Employee Benefits**. As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time. The Company understands that you principally reside in Virginia, and the Company will reimburse you in accordance with Company travel policies (which are subject to change by the Company at any time) for travel expenses from Virginia to New York, or wherever employee is needed to fulfill duties as President. You acknowledge and agree the Company has full discretion to determine whether and to what extent these arrangements result in compensation to you and whether any tax withholding is appropriate.

4. **Stock Options**.

(a) Subject to the approval of the Company's Board of Directors or its Compensation Committee, you will be granted an option (in the form of incentive stock options, to the extent permissible under applicable law) to purchase a number of shares of the Company's Common Stock (the "Option") equal to 1.5% of the fully-diluted capitalization of the Company calculated as of the final closing of the Company's contemplated Series E financing and including shares reserved under the Company's 2015 Stock Plan (the "Plan"). The exercise price per share of the Option will be determined by the Board of Directors or the Compensation Committee when the Option is granted. The Option will be subject to the terms and conditions applicable to options granted under the Plan, as described in the Plan and your individual Stock Option Agreement, provided however, if there are any discrepancies between this Offer and the Plan, the terms of this Offer shall supersede and govern your rights under the Plan. You will vest in 25% of the Option shares after 12 months of continuous service, and the balance will vest in equal monthly installments over the next 36 months of continuous service, as described in your individual Stock Option Agreement. In addition, (i) if your employment is terminated without Cause (as defined below) or you resign for Good Reason (as defined below), you will vest in such number of shares that otherwise would be vested if you had an additional 12 months of continued service with the Company (the "Standard Acceleration"); and (ii) notwithstanding clause (i), if the Company is subject to a Change in Control (as defined below) before your service terminates and your employment is terminated without Cause or you resign for Good Reason within 12 months following such Change in Control or in the period after a definitive agreement is executed which results in a Change in Control, 100% of the Option shares will vest (the "Change in Control Acceleration").

(b) For purposes of this Agreement, "*Change in Control*" is defined as (i) the consummation of a merger or consolidation of the Company with or into another entity; or (ii) the dissolution, liquidation or winding up of the Company. The foregoing notwithstanding, a merger or consolidation of the Company does not constitute a "Change in Control" if immediately after the merger or consolidation a majority of the voting power of the capital stock of the continuing or surviving entity, or any direct or indirect parent corporation of the continuing or surviving entity, will be owned by the persons who were the Company's stockholders immediately prior to such merger or consolidation in substantially the same proportions as their ownership of the voting power of the Company's capital stock immediately prior to the merger or consolidation.

5. **Termination Without Cause or Resignation for Good Reason**.

(a) If your employment with the Company is terminated by the Company without Cause, or in the event of your resignation for Good Reason, then, subject to the conditions set forth in this Section 5, you will become eligible to receive (i) severance pay in an aggregate amount equal to twelve (12) months of your Base Salary, to be paid in equal installments at your then Base Salary rate (determined without regard to any reduction giving rise to your right to resign for Good Reason) in accordance with the Company's regular payroll

cycle for 12 months following the date of your termination of employment; (ii) if you timely elect to continue your health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") following your termination of employment, then the Company will pay the same portion of your monthly premium under COBRA as it pays for active employees and their eligible dependents until the earliest of (x) the close of the twelve-month period following your termination of employment, (y) the expiration of your continuation coverage under COBRA or (z) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment; provided that, to the extent the Company would otherwise be subject to penalty under applicable law or regulation due to this clause (ii), the Company may instead pay you a monthly payment, regardless of whether or not you elect COBRA, equal to the monthly premium for you and your dependents under the Company's health insurance plans as of the date of your termination; (iii) if your Annual Bonus for the fiscal year prior to the fiscal year in which your termination occurs is unpaid as of the date of your termination of employment, payment of such prior fiscal year's Annual Bonus based on actual achievement against target performance goals, payable at the same time as bonuses are paid to executives generally with respect to the applicable fiscal year; (iv) payment of a pro-rated portion of the Annual Bonus for the fiscal year in which your termination of employment occurs, based on actual performance against target performance goals, payable at the same time as bonuses are paid to executives generally with respect to the applicable fiscal year; and (v) the Standard Acceleration or Change in Control Acceleration, as applicable ((i) through (v) collectively, "Severance Pay"). The salary continuation payments in (i) above will commence within 60 days after your termination date and, once they commence, will include any unpaid amounts accrued from the termination date; provided that, if the 60 day-period described in the preceding clause spans two calendar years, then the payments will in any event begin in the second calendar year.

(b) For purposes of this Agreement, "*Cause*" is defined as any of the following: (i) any act or omission that constitutes a material breach by you of your obligations under this Agreement or any other agreement between you and the Company; (ii) your failure or refusal to perform the lawful duties required of you as an employee of the Company to the reasonable satisfaction of the Company; (iii) any material violation by you of any (x) reasonable written policy, rule or regulation of the Company or (y) any law or regulation applicable to the business of the Company; (iv) your act or omission constituting fraud, dishonesty, breach of fiduciary duty, gross negligence, willful misconduct or intentional misrepresentation in relation to your duties to the Company, or any of its respective customers, suppliers or other material business relations; or (v) your conviction of, or plea of guilty or nolo contendere to, any crime which constitutes a felony or crime of moral turpitude.

(c) For purposes of this Agreement, "*Good Reason*" is defined as any of the following occurring without your prior written consent: (i) relocation of your primary workplace by more than 50 miles from New York City, New York, which relocation results in an increase in your one-way travel time from your home to such workplace by more than two (2) hours, (ii) a

significant diminution of job function, reporting relationship or scope, including, without limitation (x) removal of you from the position of the President of the Company, provided that, following a Change in Control, it shall not be Good Reason pursuant to this clause (ii)(x) as long as you remain President of the business line, subsidiary or division represented by the Company's business or (y) your failure to report directly to the Chief Executive Officer (or principal executive officer, regardless of title) of the Company, provided that, following a Change in Control, it shall not be Good Reason pursuant to this clause (ii)(y) as long as you report directly to the Chief Executive Officer (or principal executive officer, regardless of title) of the business line, subsidiary or division represented by the Company's business or (iii) a decrease of more than 5% in base salary compensation or your Target Bonus opportunity as a percentage of your base salary, in each case, provided that you provide notice of such circumstances to the Company's Chief Executive Officer (or principal executive officer, regardless of title) within 90 days of such circumstances' occurrence, the Company fails to cure such circumstances within 30 days of receipt of such notice and you resign within 180 days of such circumstances coming into existence.

(d) Except as set forth herein, the Severance Pay does not entitle you to any ongoing benefits from the Company and you will not be an employee of the Company for any purpose during any period that you are receiving Severance Pay. In order to receive Severance Pay, you must: (i) sign and deliver to the Company a full general release of all claims prepared by the Company (the "General Release"), and any revocation period, if any, applicable to the General Release must have expired, each within the time period specified by the Company, (ii) cooperate with the orderly transfer of your duties as requested by the Company and; (iii) return all Company property by a date specified by the Company. For the avoidance of doubt, upon any termination of your employment you shall be entitled to payment of your Base Salary through your termination date, payment of any accrued but unused vacation days (if required by law and only to the extent you have any vacation days accrued in accordance with the Company's then-current vacation policy), reimbursement of any unreimbursed business expenses, and any vested benefits or entitlements pursuant to any applicable Company plan, policy or other agreement. All Severance Pay or other post-termination compensation is, in each case, subject to required withholding.

6. **Proprietary Information and Inventions Agreement**. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's Proprietary Information and Inventions Agreement, a copy of which will be provided contemporaneously with this Offer.

7. **Employment Relationship**. Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. The "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

8. **Tax Matters**.

(a) **Withholding**. All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

(b) **Tax Advice**. You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

(c) **Section 409A**. It is the intent of the parties that this Agreement is interpreted such that it is either exempt from or complies with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") in a manner which does not impose any additional taxes, interest or penalties on you pursuant to Section 409A of the Code and its implementing notices and regulations and it shall be interpreted consistent with this intent. Each salary continuation payment under Section 5 is hereby designated as a separate payment. Notwithstanding any other provision of this Agreement to the contrary, any payment or benefit described herein which represents a "deferral of compensation" within the meaning of Section 409A of the Code shall only be paid or provided to you if you have incurred a "separation from service" in accordance with Section 409A of the Code. If the Company determines that you are a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of your Separation, then (i) the salary continuation payments under Section 5, to the extent that they are subject to Section 409A of the Code, will commence on the first business day following (x) expiration of the six-month period measured from your "separation from service" date or (y) the date of your death and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when the salary continuation payments commence.

9. **Interpretation, Amendment and Enforcement**. This letter agreement and Exhibit A constitute the complete agreement between you and the Company, contain all of the terms of your employment with the Company and supersede any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement or arising out of, related to, or in any way connected with, this letter agreement, your employment with the Company or any other relationship between you and the Company (the "Disputes") will be governed by New York law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in New York in connection with any Dispute or any claim related to any Dispute. This Agreement shall be binding upon and inure to the benefit of the Company and you and your respective successors and assigns.

* * * *

We hope that you will accept our offer to join the Company. You may indicate your agreement with these terms and accept this offer by signing and dating both the enclosed duplicate original of this letter agreement and the enclosed Proprietary Information and Inventions Agreement and returning them to me. As required by law, your employment with the Company is contingent upon your providing legal proof of your identity and authorization to work in the United States. Your employment is also contingent upon completing a background check and you starting work with the Company on or before February 9, 2017.

SIGNATURE ON NEXT PAGE

If you have any questions, please feel free to reach out.

Kind Regards,

PELOTON INTERACTIVE, INC.

/s/ John Foley
By: John Foley
Title: Chief Executive Officer

I have read and accept this employment offer:

/s/ William Lynch
Signature of Employee

Dated: 1/28/2017

December 8, 2017

Jill Woodworth

Dear Jill:

Peloton Interactive, Inc. (together with its successors and assigns, the "Company") is pleased to offer you employment on the following terms:

1. **Position**. Your title will be Chief Financial Officer, and you will report to the Company's Chief Executive Officer, John Foley. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. **Cash Compensation**. The Company will pay you a starting salary at the rate of $500,000 per year, payable in accordance with the Company's standard payroll schedule. This salary will be subject to upward (but not downward) adjustment pursuant to the Company's employee compensation policies in effect from time to time. You will also be eligible for an Annual Bonus target of 100% of your base salary ("Target Bonus"), with a maximum bonus opportunity equal to 2 times the Target Bonus. The actual Annual Bonus payout will be based on achievement of performance goals to be determined by the Company's Board of Directors or its Compensation Committee. The Annual Bonus, if any, will be payable within 2½ months following the end of the fiscal year to which it relates. Except as provided below, you must be employed by the Company on the date of payment to receive your Annual Bonus.

3. **Employee Benefits**. As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time.

4. **Stock Options**. Subject to the approval of the Company's Board of Directors or its Compensation Committee, as soon as reasonably practicable following your start date, you will be granted an option to purchase 500,000 shares of the Company's Common Stock (the "Option"). The exercise price per share of the Option will be at Fair Market Value (as defined in the Plan) as determined by the Board of Directors or the Compensation Committee when the Option is granted. The Option will be subject to the terms and conditions applicable to options granted under the Company's then current Stock Plan (the "Plan"), as described in the Plan and your individual Stock Option Agreement consistent with this Agreement. You will vest in 25% of the Option shares after 12 months of continuous service (measured from your start date), and the balance will vest in equal monthly installments over the next 36 months of continuous

service, as described in your individual Stock Option Agreement. Subject to approval by the Company's Board of Directors, if the Company is subject to a Change in Control (as defined below) before your service terminates and your employment is terminated without Cause or you resign for Good Reason within 12 months following such Change in Control or in the period after a definitive agreement is executed which results in a Change in Control, 100% of the Option shares will vest (the "Change in Control Acceleration"). For purposes of this Agreement, "*Change in Control*" is defined as (i) the consummation of a merger or consolidation of the Company with or into another entity; (ii) the sale of all or substantially all of the assets of the Company; (iii) the dissolution, liquidation or winding up of the Company; or (iv) sale or other transfer of 50% or more of the combined voting power of the Company's then outstanding voting securities to "any one person or more than one person acting as a group" (within the meaning of Treasury Regulation Section 1.409A-3(i)(5)) other than a person that is a stockholder of the Company (or affiliate of a stockholder of the Company) as of your first day of employment, which sale or transfer results in the transfer of the power to elect a majority of the members of the Company's Board of Directors (any of the events in (i) through (iv) a "Transaction"). The foregoing notwithstanding, a Transaction does not constitute a "Change in Control" if immediately after the Transaction, a majority of the voting power of the capital stock of the continuing or surviving entity, or any direct or indirect parent corporation of the continuing or surviving entity, will be owned by the persons who were the Company's stockholders immediately prior to such Transaction, in substantially the same proportions as their ownership of the voting power of the Company's capital stock immediately prior to the Transaction.

5. **Termination Without Cause or Resignation for Good Reason**. If your employment with the Company is terminated by the Company without Cause, or in the event of your resignation for Good Reason, then, subject to the conditions set forth in this Section 5, you will become eligible to receive

(a) severance pay in an aggregate amount equal to twelve (12) months of your Base Salary, to be paid in equal installments at your then Base Salary rate (determined without regard to any reduction giving rise to your right to resign for Good Reason) in accordance with the Company's regular payroll cycle for 12 months following the date of your termination of employment. The severance payments will commence within 60 days after your termination date and, once they commence, will include any unpaid amounts accrued from the termination date; however, if the 60 day-period described in the preceding clause spans two calendar years, then the payments will in any event begin in the second calendar year;

(b) if you timely elect to continue your health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") following your termination of employment, then the Company will pay the same portion of your monthly premium under COBRA as it pays for active employees and their eligible dependents until the earliest of (i) the close of the twelve-month period following your termination of employment, (ii) the expiration of your continuation coverage under COBRA or (iii) the date when you become eligible for

substantially equivalent health insurance coverage in connection with new employment or self-employment (provided that, to the extent the Company or you would otherwise be subject to penalty under applicable law or regulation due to this clause (B), the Company may instead pay you a monthly payment equal to the monthly premium for you and your dependents under the Company's health insurance plans); and

(c) continued or accelerated vesting, as determined by the Company, into the next vesting period that occurs after the effective date of your termination (or continued vesting for six months from the effective date of your termination, if longer) unless the Change in Control Vesting applies (collectively, "Severance Pay"). If your position is terminated by the Company without Cause, or in the event of your resignation for Good Reason, you will also receive the pro-rata portion of your Annual Bonus (taking into account the number of days of your employment during the performance year compared to the full performance year), based on actual achievement against target performance goals, and the prior year's Annual Bonus to the extent earned and not yet paid, such Annual Bonuses to be paid as set forth in Section 2 above.

For purposes of this Agreement, "*Cause*" is defined as any of the following:

(i) any act or omission that constitutes a material breach by you of your obligations under this Agreement or any other material agreement between you and the Company;

(ii) your willful failure or willful refusal to perform the lawful duties required of you as an employee of the Company (and consistent with your position as Chief Financial Officer) to the reasonable satisfaction of the Company, other than any such failure resulting from incapacity due to physical or mental illness;

(iii) any material violation by you of any:
(x) material written policy, rule or regulation of the Company or
(y) any law or regulation applicable to the business of the Company of which you have knowledge, or should have knowledge based on your position as Chief Financial Officer;

(iv) your act or omission constituting fraud, material dishonesty, breach of fiduciary duty, gross negligence, willful misconduct or intentional misrepresentation in relation to your duties to the Company; and/or

(v) your conviction of, or plea of guilty or nolo contendere to, any crime which constitutes a felony or crime of moral turpitude.

Except for a failure, breach or refusal which, by its nature, cannot reasonably be expected to be cured (including an event described in clause (v) above) you will have 10 days from the delivery of written notice by the Company within which to cure any acts constituting Cause prior to any termination by the Company for Cause.

All Severance Pay or other post-termination compensation is, in each case, subject to required withholding.

For purposes of this Agreement, "*Good Reason*" is defined as any of the following occurring without your prior written consent:

(i) relocation of your position to a location that is (A) greater than 25 miles from the Company's current New York office and (B) outside of the New York metropolitan area;

(ii) significant diminution of job function, reporting relationship or scope, including, without limitation:

(A) removal of you from the position of the Chief Financial Officer of the Company, provided that, following a Change in Control, it shall not be Good Reason pursuant to this clause (ii)(A) as long as you remain Chief Financial Officer of the business line, subsidiary or division represented by the Company's business or

(B) your failure to report directly to the Chief Executive Officer (or principal executive officer, regardless of title) of the Company, provided that, following a Change in Control, it shall not be Good Reason pursuant to this clause (ii)(B) as long as you report directly to the Chief Executive Officer (or principal executive officer, regardless of title) of the business line, subsidiary or division represented by the Company's business; and/or

(iii) a decrease in base salary compensation (other than a general reduction in base salary that affects all similarly situated executives in substantially the same proportions, up to a maximum reduction of 10%) or your Target Bonus opportunity as a percentage of your base salary (or your maximum annual bonus opportunity), in each case, provided that you provide notice of such circumstances to the Company's Chief Executive Officer (or principal executive officer, regardless of title) within 120 days of such circumstances' occurrence, the Company fails to cure such circumstances within 30 days of receipt of such notice and you resign within 180 days of such circumstances coming into existence.

Severance Pay does not entitle you to any other ongoing benefits from the Company (except as outlined above or as otherwise provided herein) and you will not be an employee of the Company for any purpose during any period that you are receiving Severance Pay. In order to receive Severance Pay, you must:

(iv) sign and deliver to the Company a full general release of all claims in substantially the form attached hereto as Exhibit A (the "General Release"), and any revocation period, if any, applicable to the General Release must have expired) within the time period specified by the Company;

(v) cooperate with the orderly transfer of your duties as reasonably requested by the Company for a period not to exceed three months, and;

(vi) return all Company property by a date specified by the Company.

For the avoidance of doubt, upon any termination of your employment you shall be entitled to payment of your Base Salary through your termination date, payment of any accrued but unused vacation days (if and to the extent you have any vacation days accrued in accordance with the Company's then-current vacation policy), reimbursement of any unreimbursed business expenses, and any vested benefits or entitlements pursuant to any applicable Company plan, policy or other agreement.

6. **Proprietary Information and Inventions Agreement**. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's Proprietary Information and Inventions Agreement, a copy of which is enclosed herewith.

7. **Employment Relationship**. Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although the Company's personnel policies and procedures to the extent not inconsistent herewith, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

8. **Tax Matters**.

(a) **Withholding**. All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

(b) **Tax Advice**. You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

(c) **Section 409A**. It is the intent of the parties that this Agreement is interpreted such that it is either exempt from or complies with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") in a manner which does not impose any additional taxes, interest or penalties on you pursuant to Section 409A of the Code and its implementing notices and regulations and it shall be interpreted consistent with this intent. Each salary continuation payment under Section 5 is hereby designated as a separate payment. Notwithstanding any other provision of this Agreement to the contrary, any payment or benefit

described herein which represents a “deferral of compensation” within the meaning of Section 409A of the Code shall only be paid or provided to you if you have incurred a “separation from service” in accordance with Section 409A of the Code. If the Company determines that you are a “specified employee” under Section 409A(a)(2)(B)(i) of the Code at the time of your Separation, then (i) the salary continuation payments under Section 5, to the extent that they are subject to Section 409A of the Code, will commence on the first business day following (A) expiration of the six-month period measured from your “separation from service” date or (B) the date of your death and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when the salary continuation payments commence.

9. **Interpretation, Amendment and Enforcement**. This letter agreement and the Proprietary Information and Inventions Agreement constitute the complete agreement between you and the Company, contain all of the terms of your employment with the Company and supersede any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement or arising out of, related to, or in any way connected with, this letter agreement, your employment with the Company or any other relationship between you and the Company (the “Disputes”) will be governed by New York law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in New York in connection with any Dispute or any claim related to any Dispute. In the event of a conflict between any provision of this Agreement and the provision of any Company policy, plan, arrangement or other agreement, the provisions of this Agreement shall control. This Agreement shall be binding upon and inure to the benefit of the Company and you and your respective successors and assigns.

10. **Coverage Under Directors’ and Officers’ Liability Insurance Policies**. The Company agrees to maintain directors’ and officers’ liability insurance policies covering you on a basis no less favorable than provided to other senior executives, which coverage shall continue as to you event if you have ceased to be an officer or employee of the Company with respect to acts or omissions which occurred prior to such cessation.

* * * *

We hope that you will accept our offer to join the Company. You may indicate your agreement with these terms and accept this offer by signing and dating both the enclosed duplicate original of this letter agreement and the enclosed Proprietary Information and Inventions Agreement and returning them to me. As required by law, your employment with the Company is contingent upon your providing legal proof of your identity and authorization to work in the United States. Your employment is also contingent upon completing a background check and your starting work with the Company on a mutually agreeable start date. Your employment is also contingent upon your starting work with the Company on or before April 30,2018.

SIGNATURE ON NEXT PAGE

If you have any questions, please feel free to reach out.

Kind Regards,

/s/ John Foley

PELOTON INTERACTIVE, INC.

By: John Foley
Title: Chief Executive Officer

I have read and accept this employment offer:

/s/ Jill Woodworth
Signature of Employee

Dated: 12/8/17

Attachment

Exhibit A: Form of General Release

PELOTON INTERACTIVE, INC.

SEVERANCE AND CHANGE IN CONTROL PLAN

SECTION 1
PURPOSE

The Board of Peloton Interactive, Inc., a Delaware corporation (together with its subsidiaries, the "***Company***"), considers it in the best interests of the stockholders of the Company to reinforce the continued attention and dedication of certain key employees of the Company to their duties of employment without personal distraction or conflict of interest, including as a result of the possibility or occurrence of a change in control of the Company. Accordingly, the Company will provide designated individuals with rights to receive severance payments and other benefits upon a Covered Termination pursuant to this Severance and Change in Control Plan (this "***Plan***"), as set forth below.

SECTION 2
ELIGIBILITY

2.1. Eligibility for Participation. The Board may select from among Eligible Employees to participate in the Plan. Each such individual will become a Participant upon his or her execution and delivery to the Company of an acknowledgement of participation in the form attached hereto, as Exhibit A (as such form may be amended or modified by the Board, a "***Participation Agreement***").

2.2. Termination of Participation. An individual shall cease to be a Participant on the date that such individual terminates service with the Company or otherwise ceases to qualify as an Eligible Employee for any reason, in each case other than in connection with a Covered Termination.

SECTION 3
SEVERANCE PAYMENTS AND BENEFITS

3.1. Covered Termination outside the Change in Control Period. If any Participant experiences a Covered Termination other than during a Change in Control Period, the Participant shall be entitled to receive his or her Accrued Benefits and, subject to the requirements of Section 3.3, the following payments and benefits:

(a) *Cash Severance*. An amount equal to the sum of (i) the product of (A) the Participant's Severance Multiplier *multiplied* by (B) the Participant's Base Salary, (ii) any annual bonus that has been earned for the Company's prior fiscal year, but not yet paid, and (iii) the product of (A) the Participant's target annual cash bonus (assuming achievement of performance goals at 100% of target) for the fiscal year in which the Covered Termination occurs *multiplied* by (B) a fraction, the numerator of which is the number of days in the calendar year of the Covered Termination during which the Participant was employed by the Company and the denominator of which is 365. The foregoing amounts shall be payable in a cash-lump sum, provided that the amounts set forth in clause (i) shall be payable in 12 monthly installments, in each case, less applicable withholding, to be paid or commence payment as soon as administratively practicable following the date the Release (defined below) is not subject to revocation, and in any event, within 60 days following the date of the Covered Termination

(b) *Continued Healthcare Coverage*. If the Participant elects to receive continued healthcare coverage pursuant to the provisions of COBRA, the Company shall continue the Participant's coverage and directly pay, or reimburse the Participant for, the premium for the Participant and the Participant's covered dependents through the earlier of (i) the number of months following the Participant's Covered Termination equal to the Participant's COBRA Severance Period and (ii) the date that the Participant and the Participant's covered dependents become eligible for coverage under another employer's plans (the "***Continuation Period***"); *provided*, that as soon as administratively practicable following the date the Release becomes effective, the Company shall pay to the Participant a cash lump-sum payment equal to the monthly premiums that would have been paid on behalf of the Participant had such payments commenced on the date of the Covered Termination. Notwithstanding the foregoing, the Company may elect at any time during the Continuation Period that, in lieu of paying or reimbursing the premiums, the Company shall instead provide the Participant with a monthly cash payment equal to the amount the Company would have otherwise paid pursuant to this Section 3.1(b), less applicable tax withholdings.

(c) *Equity Awards*. Each outstanding and unvested Equity Award held by the Participant shall automatically become vested, and if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall lapse (i) with respect to the number of shares as would have been vested if the Participant had completed an additional twelve months of service for Tier 1 Participants and (ii) with respect to such number of shares as would have become vested if the Participant had completed an additional six months of service for Tier 2 Participants (with a minimum of six months of vesting if the Tier 2 Participant would otherwise receive no vesting as a result of a vesting cliff); *provided* that in each case any performance-based vesting criteria shall be treated in accordance with the applicable award agreement or other applicable equity incentive plan governing the terms of such equity award. Each stock option held by the Participant shall remain exercisable until the earlier of the original expiration date for such stock option as set forth in the applicable award agreement or the 12-month anniversary of the Participant's Covered Termination, and shall otherwise remain subject to the terms and conditions of the applicable award agreement.

3.2. Covered Termination within the Change in Control Period. If any Participant experiences a Covered Termination during a Change in Control Period, then in lieu of the payments provided in Section 3.1 hereof, the Participant shall be entitled to receive his or her Accrued Benefits and, subject to the requirements of Section 3.3, the following payments and benefits:

(a) *Cash Severance.* An amount equal to the sum of (i) the product of (A) the Participant's CIC Severance Multiplier *multiplied* by (B) the Participant's Base Salary, (ii) any annual bonus that has been earned for the Company's prior fiscal year, but not yet paid, and (iii) the Participant's target annual cash bonus (assuming achievement of performance goals at 100% of target) for the fiscal year in which the Covered Termination occurs; provided that in clauses (i) and (iii), such amounts shall be calculated at the rate equal to the higher of (x) the rate in effect immediately prior to the Participant's Covered Termination and (y) the rate in effect immediately prior to the Change in Control. The foregoing amounts shall be payable in a cash lump-sum, less applicable withholdings, as soon as administratively practicable following the date the Release becomes effective and in any event, within 60 days following the date of the Covered Termination.

(b) *Continued Healthcare Coverage*. If the Participant elects to receive continued healthcare coverage pursuant to the provisions of COBRA, the Company shall continue a Participant's benefit plan coverage and directly pay, or reimburse the Participant for, the premium for the Participant and the Participant's covered dependents through the earlier of (i) the number of months following the Participant's Covered Termination, equal to the Participant's CIC COBRA Period and (ii) the date that the Participant and the Participant's covered dependents become eligible for coverage under another employer's plans (the "***CIC Continuation Period***"); *provided* that as soon as administratively practicable following the date the Release becomes effective, the Company shall pay to the Participant a cash lump-sum payment equal to the monthly premiums that would have been paid on behalf of the Participant had such payments commenced on the date of the Covered Termination. Notwithstanding the foregoing, the Company may elect at any time during the CIC Continuation Period that, in lieu of paying or reimbursing the premiums, the Company shall instead provide the Participant with a monthly cash payment equal to the amount the Company would have otherwise paid pursuant to this Section 3.1(b), less applicable tax withholdings.

(c) *Equity Awards.* Each outstanding and unvested Equity Award held by the Participant shall automatically become vested, and if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall lapse, in each case with respect to (i) 100% of the shares underlying his or her outstanding Equity Awards as of the date of the Covered Termination for Tier 1 Participant and (ii) 50% of the shares underlying his or her outstanding Equity Awards as of the date of the Covered Termination for Tier 2 Participants; *provided* that any, in either case, performance-based vesting criteria shall be treated in accordance with the applicable award agreement or other applicable equity incentive plan governing the terms of such equity award. Each stock option held by the Participant shall remain exercisable until the earlier of the original expiration date for such stock option as set forth in the applicable award agreement or the 12-month anniversary of the Participant's Covered Termination, and shall otherwise remain subject to the terms and conditions of the applicable award agreement. Any award that is not assumed or substituted for following a Change in Control shall accelerate in full.

3.3. Release. No Participant will be eligible for the severance payment and benefits described in Section 3.1 or Section 3.2, as applicable, unless the Participant has executed a general release of all claims that the Participant may have against the Company (or its successor) or entities or persons affiliated with the Company (or its successor), in the form prescribed and to be provided to the Participant by the Company (or its successor) (the "***Release***"), and such Release becomes effective on or before the 60th day following date of the Covered Termination. If the Participant fails to return the Release on or before such deadline, or if the Participant revokes the Release, then the Participant will not be entitled to any severance payments or benefits described in Section 3.1 or Section 3.2, as applicable.

3.4. Section 280G; Limitation on Payments. Notwithstanding anything in this Plan to the contrary, if any payment or distribution to a Participant pursuant to this Plan or otherwise ("***Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment shall either be (A) delivered in full or (B) delivered as to such lesser extent as would result in no portion of such Payment being subject to the Excise Tax, whichever of the foregoing amounts, after taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Participant on an after-tax basis of the largest payment, notwithstanding that all or some portion of the Payment may be taxable under Section 4999 of the Code. The accounting firm engaged by the Company for general audit purposes as of the date prior to the effective date of the Change in Control, or such other person or entity as determined in good faith by the Company, shall perform the foregoing calculations and the Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. Any good faith determinations of the accounting firm made pursuant to this Section 3.4 shall be final, binding and conclusive upon all parties. Any reduction in payments and/or benefits pursuant to the foregoing shall be made in accordance with Section 409A of the Code in the following order (1) Payments that do not constitute "nonqualified compensation" subject to Section 409A of the Code shall be reduced first; and (2) all other Payments shall then be reduced as follows: (a) reduction of cash payments; (b) cancellation of accelerated vesting of equity awards other than stock options, if any; (c) cancellation of accelerated vesting of stock options, and (d) reduction of other benefits payable to the Participant.

SECTION 4
ADMINISTRATION

4.1 Administration; Duties and Powers of the Committee. The Compensation Committee of the Board of Directors (the "***Committee***") shall have the duties, power and authority to conduct the general administration of the Plan in accordance with its provisions and shall have the power to:

(a) determine which Eligible Employee shall be selected as Participants;

(b) make any determinations concerning the Plan, including whether any individual is an Eligible Employee and whether a Covered Termination or other termination of service has occurred;

(c) construe and interpret this Plan, any Participation Agreement and any other agreement or document executed pursuant to this Plan;

(d) subject to any limitations under the Plan or applicable laws, prescribe, amend and rescind rules and regulations as it shall deem necessary for the efficient administration of the Plan; and

(e) make all other decisions and determinations (including factual determinations) as the Board may deem necessary or advisable in carrying out its duties and responsibilities or exercising its powers.

4.2 Delegation of Authority. The Committee may from time to time delegate to a committee of one or more members of the Committee the authority to take any actions pursuant to Section 4.1. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies and the time of such delegation, and the Committee may, at any time rescind the authority so delegated or appoint a new delegate. In its sole discretion, the Board of Directors of the Company may, at any time and from time to time, exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under applicable securities laws and exchange listing rules are required to be determined in the sole discretion of the Committee. Any references in this Plan to the Committee shall be construed as a reference to the committee to which the Committee has delegated such authority, if any.

4.3 Decisions Binding. Any determination made by the Committee with respect to this Plan or any Participation Agreement shall be final, binding and conclusive on all parties.

SECTION 5
TERM; AMENDMENT; TERMINATION

The initial term of this Plan shall be for a period commencing on the Effective Date and ending on the fourth anniversary of the Effective Date, and shall thereafter automatically renew for successive four-year periods, unless earlier terminated in accordance with this section. The Plan may otherwise be amended, modified, suspended or earlier terminated by the Committee, in its sole discretion. Notwithstanding anything herein to the contrary, in no event shall any amendment, modification, suspension or termination adversely affect the rights of any Participant who is then receiving or entitled to receive payments or benefits under the Plan, without the prior written consent of such Participant.

SECTION 6
COVENANTS

6.1. Non-Competition. As a condition of participation in this Plan, each Participant shall have agreed, in addition to any non-competition obligation in existence in any other agreement with the Company (including any offer letter, employment agreement or proprietary information or confidentiality agreement), that during the period of the Participant's service and for a period of 12-months following the Participant's termination of service with the Company for any reason, to the extent permitted by applicable law, the Participant shall not in any capacity, whether directly or indirectly, engage in, become financially interested in, be employed by or have any business connection with any other person, corporation, firm, partnership or other entity that competes with the Company.

6.2. Non-Solicitation. As a condition of participation in this Plan, each Participant shall have agreed, in addition to any non-solicitation obligation in existence in any other agreement with the Company (including any offer letter, employment agreement or proprietary information or confidentiality agreement), that during the 12-month period following the Participant's termination of service with the Company for any reason, the Participant shall not in any capacity, whether directly or indirectly, solicit or attempt to solicit away from the Company any of its officers or employees; provided, however, that a general advertisement to which an employee of the Company responds shall in no event be deemed to result in a breach of this Section 6.2.

6.3. Cooperation and Non-Disparagement. For the period commencing on the effective date of his or her Covered Termination and ending on the six-month anniversary of such date, each Participant shall cooperate with the Company and use his or her best efforts to assist the Company with the transition of his or duties to a successor. The Participant shall further agree to not to disparage, criticize or defame the Company, its affiliates and their respective affiliates, directors, officers, agents, partners, stockholders or employees at any time during or following his or her termination of service. Nothing in this Section 6.3 shall have application to any evidence or testimony required by any court, arbitrator or government agency.

SECTION 7
SUCCESSORS; ASSIGNMENT

7.1 Successors. The Company shall require any successor (whether pursuant to a Change in Control, direct or indirect, and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the obligations under this Plan in the same manner and to the same extent as the Company would be required to perform in the absence of such a succession of the Company.

7.2 Assignment by Participants. This Plan and the rights of each Participant hereunder shall inure to the benefit of, and be enforceable by, each Participant and the Company, and their respective successors, assigns, heirs, executors and administrators; provided, however, that a Participant may not assign any of his or her duties hereunder and may not assign any of his or her rights hereunder without the express written consent of the Company. If a Participant should die while any amount would still be payable to the Participant hereunder had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of Plan to the Participant's estate.

SECTION 8
MISCELLANEOUS PROVISIONS

8.1 Section 409A.

(a) *Separation from Service; Installments.* For purposes of this Plan, no payment will be made to any Participant upon termination of the Participant's employment unless such termination constitutes a "separation from service" within the meaning of Section 409A of the Code. It is intended that the right of any Participant to receive installment payments pursuant to this Plan shall be treated as a right to receive a series of separate and distinct payments for purposes of Section 409A of the Code. It is further intended that all payments and benefits hereunder satisfy, to the greatest extent possible, the exemption from the application of Section 409A of the Code (and any state law of similar effect) provided under Treasury Regulation Section 1.409A-1(b)(4) (as a "short-term deferral") and are otherwise exempt from or comply with Section 409A of the Code. Accordingly, to the maximum extent permitted, this Plan shall be interpreted in accordance with that intent. To the extent necessary to comply with Section 409A of the Code, if the designated payment period for any payment under this Plan begins in one taxable year and ends in the next taxable year, the payment will commence or otherwise be made in the later taxable year.

(b) *Specified Employee.* For purposes of Section 409A of the Code, if the Company determines that a Participant is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of his or her separation from service, then to the extent delayed commencement of any portion of the payments or benefits to which the Participant is entitled pursuant to this Plan is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion shall not be provided to the Participant until the earlier (i) the expiration of the six-month period measured from the Participant's separation from service or (ii) the date of the Participant's death. As soon as administratively practicable following the expiration of the applicable Section 409A(2)(B)(i) period, all payments deferred pursuant to the preceding sentence shall paid in a lump-sum to the Participant and any remaining payments due pursuant to the Plan shall be paid as otherwise provided herein.

8.2 Withholding Taxes. All payments made under this Plan shall be subject to reduction to reflect such federal, state, local foreign or other taxes or charges as are required to be withheld pursuant to any applicable law or regulation.

8.3 Source of Payments. All payments provided under this Plan shall be paid in cash from the general funds of the Company, and no special or separate fund or other segregation of assets shall be required to be made to assure payment. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

8.4 Dispute Resolution. To ensure efficient and economical resolution of any and all disputes that might arise in connection with this Plan, all such disputes shall be settled by arbitration conducted before one arbitrator sitting in the State of New York, or such other location agreed by the parties hereto, in accordance with the rules for expedited resolution of employment disputes of the American Arbitration Association then in effect. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based and such determination shall be final and binding on the parties. The Company shall pay the arbitrator's fees and arbitration expenses and any other costs associated with the arbitration or arbitration hearing that are unique to arbitration; *provided* that the Participant may voluntarily pay up to one-half of the costs and fees, or if the Company is successful in any legal or equitable action against the Participant, the Company shall be entitled to seek reimbursement from the Participant of up to one-half of the arbitration fees.

8.5 Notice. Notices and all other communications contemplated by this Plan shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party. In the case of the Company, mailed notices shall be addressed to its corporate headquarters and directed to the attention of Chief Executive Officer. In the case of any Participant, mailed notices shall be addressed to the Participant at the Participant's home address that the Company has on file for the Participant.

8.6 Severability. The invalidity or unenforceability of any provision or provisions of this Plan shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

8.7 At-Will Employment. Nothing in this Plan or any Participation Agreement shall confer upon any Participant any right to employment or continuation of employment. The Company and each Participant shall each have reserved the right terminate employment of the Participant at any time and for any reason, with or without cause or prior notice.

8.8 Choice of Law. The validity, interpretation, construction and performance of this Plan shall be governed by the laws of the State of New York (without regard to choice-of-law provisions).

8.9 Waiver. No waiver by the Board or any Participant at any time of any breach by the other party of, or compliance with, any condition or provision of this Plan to be performed by such other party shall be deemed a waiver of any other provision at that time, or of the same or any other provision at any prior or subsequent time.

SECTION 9
DEFINITIONS

Capitalized terms not otherwise defined in the Plan shall have the meanings set forth below:

9.1 "***Accrued Benefits***" means the Participant's accrued but unpaid base salary or wages, accrued vacation pay, unreimbursed business expenses for which proper documentation is provided, and other vested amounts and benefits earned by (but not yet paid to) or owed to the Participant under any applicable employee benefit plan of the Company through and including the date of the Covered Termination.

9.2 "***Base Salary***" means the Participant's annual base salary in effect on the date of the Participant's Covered Termination.

9.3 "***Cause***" means the Participant (i) has been convicted of, or has pleaded guilty or *nolo contendere* to, any felony or crime involving moral turpitude, (ii) has engaged in a willful act of misconduct, or committed any act of fraud, theft, embezzlement, misappropriation of funds, breach of fiduciary duty or other willful act of material dishonesty against the Company, (iii) other than in the case of a termination of employment during the Change in Control Period, has materially failed or refused to satisfactorily perform the material duties lawfully and reasonably assigned to the Participant or has performed such material duties with gross negligence; (iv) has breached any material term or condition of his or her employment agreement, or Employment, Confidential Information and Intellectual Property Assignment Agreement with the Company or any other material agreement with the Company or (v) acted in willful violation or disregard of any written Company policy or practice, including a code of conduct, which results in material loss, damage or injury to the Company; in each case provided that any of the foregoing may be cured, if curable, within 30 days' notice from the Company.

9.4 "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

9.5 "***Code***" means the Internal Revenue Code of 1986, as amended.

9.6 "***Change in Control***" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by the Company's then outstanding voting securities; or (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than 50% of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; provided that the event also qualifies as a change in control under U.S. Treasury Regulation 1.409A-3(i)(5)(v) or 1.409A-3(i)(5)(vii).

9.7 "***Change in Control Period***" means the period commencing on the effective date of a Change in Control and ending 12 months following a Change in Control.

9.8 "***CIC Severance Multiplier***" means 1.5 times Participant's Base Salary for Tier 1 Participants and 1 times the Participant's Base Salary for Tier 2 Participants.

9.9 "***CIC COBRA Severance Period***" means 18 months for Tier 1 Participants and 12 months for Tier 2 Participants.

9.10 "***COBRA Severance Period***" means 12 months for Tier 1 Participants and Tier 2 Participants.

9.11 "***Covered Termination***" means (a) the termination of a Participant's employment by the Company or any subsidiary, as applicable, without Cause, or (b) the Participant's termination of his or her employment with the Company or any subsidiary, as applicable, for Good Reason. A Covered Termination shall not include a termination of any Participant's employment by reason of the Participant's death or disability, the termination of a Participant's employment for Cause or the Participant's termination of his or her employment without Good Reason.

9.12 "***Eligible Employee***" means an individual who is employed by the Company or any of its subsidiaries, unless such individual is party to an individual agreement with the Company that provides for severance upon a qualifying termination of employment.

9.13 "***Effective Date***" means the date on which is Plan is adopted and approved by the Committee or otherwise specified by the Committee.

9.14 "***Equity Award***" means all options to purchase shares of Company common stock as well as any and all other stock-based awards granted to the Participant, including but not limited to restricted stock, restricted stock units and stock appreciation rights.

9.15 "***Good Reason***" means a cessation of the Participant's employment as a result of the Participant's resignation within 12 months after the occurrence of one or more of the following without the Participant's consent: (i) a reduction of more than 10% in Participant's base salary as an employee of the Company, except to the extent that the Company implements an equal percentage reduction applicable to all executive officers and management personnel; (ii) a material reduction in the Participant's duties, responsibilities or authority at the Company; provided that this clause (iii) shall only apply in the case of a termination during a Change in Control Period; (iv) a change in the geographic location at which the Participant must perform services which results in an increase in the one-way commute of the Participant by more than 50 miles; or (v) a successor of the Company does not assume this Plan. A resignation for Good Reason will not be deemed to have occurred unless the Participant gives the Company written notice of the condition within 90 days after the condition comes into existence and the Company fails to remedy the condition within 30 days after receiving the Participant's written notice;

9.16 "***Participant***" means each individual who has become a Participant and remains a participant pursuant to Section 2 hereof.

9.17 "***Severance Multiplier***" means 1 times the Participant's Base Salary for Tier 1 Participants and Tier 2 Participants.

9.18 "***Tier 1 Participant***" means a Participant determined by the Committee.

9.19 "***Tier 2 Participant***" means a Participant determined by the Committee.

* * * * *

EXHIBIT A

PARTICIPATION AGREEMENT

PELOTON INTERACTIVE, INC.
SEVERANCE AND CHANGE IN CONTROL PLAN

Peloton Interactive, Inc., a Delaware corporation (the "***Company***"), pursuant to its Change in Control Severance Plan, as may be amended from time to time (the "***Plan***"), hereby designates _____ as a Participant in the Plan at the level indicated below:

☐ **Tier 1 Participant**

☐ **Tier 2 Participant**

By his or her signature below, the Participant hereby acknowledges and agrees that:

(i) The Participant has received and reviewed a copy of the Plan;

(ii) Any payment or benefit under the Plan shall be subject to the terms and conditions of this Participation Agreement and the Plan;

(iii) The Participant accepts as binding, conclusive and final all decisions or interpretations of the Board (as defined in the Plan) arising under the Plan;

(iv) This Participation Agreement, together with the Plan, shall constitute the entire agreement between the Company and the Participant with regard to cash payments, benefits or equity acceleration and extended exercisability. All understandings and agreements preceding the date of execution of this Participation Agreement as they apply to any subject matter other than cash payments, benefits and equity acceleration or exercisability upon a severance or Change in Control shall not be superseded and shall remain fully in effect. All prior understandings and agreements with respect to cash payments, benefits and equity acceleration and exercisability upon a severance or Change in Control shall become null and void except to the extent the Participant and the Company mutually agree otherwise in a written agreement within 30 days of the date below.

PELOTON INTERACTIVE, INC.

By: _____

Print Name:
Title:

PARTICIPANT

By: _____

Print Name:
Address:
Date:

Exhibit 10.9

EXECUTION COPY

AGREEMENT OF LEASE

between

MAPLE WEST 25TH OWNER, LLC,

Landlord

and

PELOTON INTERACTIVE, INC.,

Tenant

Dated as of November 11, 2015

The Entire Tenth Floor, Entire Eleventh Floor and Entire Penthouse
125 West 25th Street
New York, New York 10001
(aka 119-125 West 25th Street)

****

MAPLE WEST 25TH OWNER, LLC
c/o Normandy Real Estate Partners
53 Maple Avenue
Morristown, New Jersey 07960

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AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, made as of the 11th day of November, 2015 (this "Lease"), made by and between MAPLE WEST 25TH OWNER, LLC, a Delaware limited liability company, having its principal place of business at c/o Normandy Real Estate Partners, 53 Maple Avenue, Morristown, New Jersey 07960 ("Landlord"), and PELOTON INTERACTIVE, INC., a Delaware corporation, having an office at 158 West 27th Street, 4th Floor, New York, New York 10001 ("Tenant").

REFERENCE PAGE

In addition to other terms elsewhere defined in this Lease, the following terms whenever used in this Lease shall have the meanings set forth in this Reference Page.

(1)	Premises:	The entire rentable area of the tenth (10th) floor ("the "Tenth Floor Premises") of the Building, as approximately shown on the floor plan annexed hereto as Schedule A, which Landlord and Tenant conclusively agree, without representation or warranty on the part of Landlord, contains 11,854 rentable square feet ("RSF"); the entire rentable area of the eleventh (11th) floor of the Building (the "Eleventh Floor Premises"), as approximately shown on the floor plan annexed hereto as Schedule B, which Landlord and Tenant conclusively agree, without representation or warranty on the part of Landlord, contains 11,672 RSF; and the entire rentable area of the penthouse level (the "Penthouse Space") of the Building, as approximately shown hatched on the floor plan annexed hereto as Schedule C, which Landlord and Tenant conclusively agree, without representation or warranty on the part of Landlord, contains 5,368 RSF.
(2)	Commencement Date:	The earlier to occur of (i) the Substantial Completion Date with respect to the Tenth Floor Premises, the Eleventh Floor Premises and the Penthouse Space and (ii) the first date on which Tenant or any Person claiming under or through Tenant first occupies the Tenth Floor Premises, the Eleventh Floor Premises or the Penthouse Space for the conduct of its business.
(3)	Fixed Expiration Date:	The last day of the month in which occurs the date which is ten (10) years and eight (8) months after the Commencement Date.
(4)	Term:	Approximately ten (10) years and eight (8) months, subject to extension pursuant to the terms of Article 42.

(5)	Fixed Rent:	Fixed Rent with respect to the Tenth Floor Premises, the Eleventh Floor Premises and the Penthouse Space shall be payable at the rates set forth on the Fixed Rent Schedule annexed hereto as Schedule D with respect to such space.
(6)	Tenant's Tax Share:	20.9345% For the purposes of determining Tenant's Tax Share, Landlord and Tenant conclusively agree, without representation or warranty on the part of Landlord, that the Building contains 138,021 RSF.
(7)	Base Tax Factor:	Subject to Article 3, the Taxes payable for the Tax Year commencing on July 1, 2021 and ending on June 30, 2022.
(8)	Permitted Use:	General, executive and administrative offices and any lawful ancillary uses incidentally and directly related thereto.
(9)	Landlord's Maximum Contribution:	$1,733,640
(10)	Broker(s):	Newmark Grubb Knight Frank and Jones Lang LaSalle.
(11)	Security Deposit:	$2,550,467.81
(12)	Renewal Term:	One term of five (5) years.

W I T N E S S E T H:

The parties hereto, for themselves, their legal representatives, successors and assigns, hereby agree as follows:

ARTICLE 1

GLOSSARY

The following terms shall have the meanings indicated below:

"AAA" shall have the meaning set forth in Section 3.5(B).

"ACM" shall have the meaning set forth in Section 9.8.

"ADA" shall have the meaning set forth in Section 9.1.

"Additional Rent" shall have the meaning set forth in Section 2.2.

"Additional Specialty Alterations" shall have the meaning set forth in Section 6.1(C)(2).

"Administrative Code" shall mean the Administrative Code of the City of New York, as amended.

"Aggregate Initial Expansion Space Rent Credit" shall have the meaning set forth in Section 44.1(B)(2).

"Aggregate Rent Credit" shall have the meaning set forth in Section 2.5.

"Alterations" shall mean alterations, decorations, installations, repairs, improvements, additions, replacements or other physical changes in or about the Premises made by Tenant.

"Anticipated Inclusion Date" shall have the meaning set forth in Section 40.2(A).

"Applicable Rate" shall mean the lesser of (x) three percentage points above the then current Base Rate, and (y) the maximum rate permitted by applicable law.

"ASHRAE" shall mean the American Society of Heating, Refrigeration and Air-Conditioning Engineers.

"Available" shall have the meaning set forth in Section 40.1(A).

"Bankruptcy Code" shall mean 11 U.S.C. Section 101 et seq., or any statute, federal or state, of similar nature and purpose.

"Base Electrical Capacity" shall have the meaning set forth in Section 4.1(A) hereof.

"Base Rate" shall mean the rate of interest publicly announced from time to time by Citibank, N.A., or its successor, as its "base rate " (or such other term as may be used by Citibank, N.A., from time to time, for the rate presently referred to as its "base rate").

"Baseball Arbitrator" shall have the meaning set forth in Section 42.2.

"BID Charges" shall have the meaning set forth in Section 3.1(C).

"Building" shall mean the buildings, equipment and other improvements and appurtenances of every kind and description now located or hereafter erected, constructed or placed upon the Land and any and all alterations, renewals, and replacements thereof, additions thereto and substitutions therefor.

"Building Department" shall have the meaning set forth in Section 6.1(D)(3).

"Building Insurance" shall have the meaning set forth in Section 12.2.

"Building Systems" shall mean the base building mechanical, electrical, sanitary, heating, air conditioning, ventilating, elevator, plumbing, life-safety and other service systems of the Building, including, without limitation, the HVAC System, but shall not include installations made by Tenant or fixtures or appliances.

"Business Days" shall mean all days, excluding Saturdays, Sundays and all days observed as holidays ("Holidays") by the State of New York, the federal government or the labor unions servicing the Building.

"Certificate of Occupancy" shall have the meaning set forth in Section 17.1.

"Class E System" shall have the meaning set forth in Section 7.1.

"Condenser Water Charges" shall have the meaning set forth in Section 28.6.

"Construction Rules and Regulations" shall mean the building rules and regulations for construction work annexed hereto as Schedule G, and such other reasonable modifications and additions to same as Landlord and Landlord's agents may from time to time adopt, on notice to Tenant to be given in accordance with the terms of this Lease. If a conflict or inconsistency exists between the Construction Rules and Regulations and the provisions of this Lease, then the provisions of this Lease shall control.

"Consumer Price Index" shall mean the Consumer Price Index for All Urban consumers (CPI-U), all items index, published by the Bureau of Labor Statistics of the United States Department of Labor (or any successor thereto), for New York, NY-Northeastern New Jersey-Long Island, NY-NJ-CT-PA (1982-1984 = 100). If such Consumer Price Index is terminated, a successor or substitute index, appropriately adjusted, shall be reasonably selected by Landlord. If such Consumer Price Index is converted to a different standard reference base or is otherwise revised, the Price Index shall be determined with the use of such conversion factor, formula or conversion table as may be published by the Bureau of Labor Statistics or, if such Bureau shall not publish same, then with the use of such conversion factor, formula or table as may be reasonably selected by Landlord.

"control" shall have the meaning set forth in Section 15.3(C).

"Convenience Stairs" shall have the meaning set forth in Section 28.1(I).

"Currently Hazardous Materials" shall have the meaning set forth in Section 9.7.

"Decorative Alterations" shall have the meaning set forth in Section 6.1(A).

"Deficiency" shall have the meaning set forth in Section 19.2(A)(2).

"Directory" shall have the meaning set forth in Section 31.2 hereof.

"DOF" shall have the meaning set forth in Section 6.5.

"DSBS" shall have the meaning set forth in Section 6.5.

"Economic Terms" shall have the meaning set forth in Section 15.4(A)(12).

"Electricity Additional Rent" shall have the meaning set forth in Section 4.2(A).

"Embargoed Person" shall have the meaning set forth in Section 39.6(A).

"Escalation Rent" shall mean payments required to be made by Tenant pursuant to Article 3.

"Event of Default" shall have the meaning set forth in Section 18.1.

"Excess Capacity Charge" shall have the meaning set forth in Section 4.1(B).

"Existing Mortgagee" shall have the meaning set forth in Section 10.06.

"Expiration Date" shall mean the Fixed Expiration Date set forth on the Reference Page or such earlier or later date on which the Term sooner or later ends pursuant to any of the terms, conditions or covenants of this Lease or pursuant to law.

"Fair Rental Value" shall mean the rental rate per annum determined at the applicable times set forth in Articles 42 and 43, for vacant space in buildings of comparable quality to the Building and located in the immediate vicinity of the Building for tenants of comparable credit quality and stature leasing space containing rentable square footage comparable to the rentable square footage in the relevant transaction. Fair Rental Value shall include all relevant factors in arriving at a so-called "net rental" to Landlord, whether favorable to Landlord or Tenant.

"FDNY" shall have the meaning set forth in Section 6.1(D)(3).

"First Delivery Date" shall have the meaning set forth in Section 2.1(D).

"First Security Deposit Reduction" shall have the meaning set forth in Section 35.6(A).

"Fitness Center" shall have the meaning set forth in Section 5.3.

"Fixed Rent Step-up Calculation Commencement Date" shall mean the date which is eight (8) months after the Commencement Date.

"Freight Elevator Hours" shall mean 8:00 a.m. to 8: 00 p.m. on Business Days and 9 a.m. to 1:00 p.m. on Saturdays, excluding Holidays.

"Government Authority (Authorities)" shall mean the United States of America, the State of New York, the City of New York, any political subdivision thereof and any agency, department, commission, board, bureau or instrumentality of any of the foregoing, now existing or hereafter created, having jurisdiction over the Real Property or any portion thereof.

"Hazardous Materials" shall have the meaning set forth in Section 9.2.

"Higher Determination" shall have the meaning set forth in Section 42.2.

"HVAC" shall mean heat, ventilation and air conditioning.

"HVAC System" shall mean the Building Systems providing HVAC, including, without limitation, the HVAC units and other equipment and appurtenances being installed as part of Landlord's Base Building Work pursuant to Section 38.1(E).

"ICAP" shall have the meaning set forth in Section 6.6.

"ICAP Requirements" shall have the meaning set forth in Section 6.6.

"Indemnitees" shall mean Landlord, its trustees, partners, shareholders, officers, directors, employees and agents and the Manager (and the partners, shareholders, officers, directors and employees of Landlord's agents and of the Manager).

"Initial Alterations" shall have the meaning set forth in Section 44.1(C)(2).

"Initial Expansion Notice" shall have the meaning set forth in Section 44.1(A).

"Initial Expansion Option" shall have the meaning set forth in Section 44.1(A).

"Initial Expansion Space" shall have the meaning set forth in Section 44.1(A).

"Initial Meeting" shall have the meaning set forth in Section 42.2.

"Issuing Bank" shall have the meaning set forth in Section 35.2.

"Issuing Bank Criteria" shall have the meaning set forth in Section 35.2.

"Land" shall mean the land known by the address of 125 West 25th Street, New York, New York 10001.

"Landlord" on the date as of which this Lease is made, shall mean MAPLE WEST 25TH OWNER, LLC, but thereafter, "Landlord" shall mean only the fee owner of the Real Property or, if there then exists a Superior Lease, the tenant thereunder.

"Landlord's Maximum Contribution" shall have the meaning set forth in the Work Agreement.

"Landlord's Maximum Determination" shall have the meaning set forth in Section 42.2.

"Landlord's Maximum Offer Determination" shall have the meaning set forth in Section 40.2(A).

"Landlord's Statement" shall mean a Landlord's Tax Statement.

"Landlord's Tax Statement" shall mean a statement containing a computation of Escalation Rent due pursuant to the provisions of Section 3.2 furnished by Landlord to Tenant.

"Landlord's Base Building Work" shall have the meaning set forth in Article 38.

"Landlord's Event Rights" shall have the meaning set forth in Section 41.1.

"Landlord's Initial Alterations Work" shall have the meaning set forth in the Work Agreement.

"Landlord's Work" shall mean Landlord's Base Building Work, together with Landlord's Initial Alterations Work.

"Late Delivery Termination Notice" shall have the meaning set forth in Section 2.1(E).

"Laws" shall mean all present and future laws, rules, ordinances, regulations, statutes, requirements, codes and executive orders, extraordinary as well as ordinary, retroactive and prospective, of all Government Authorities now existing or hereafter created, and of any applicable fire rating bureau, or other body exercising similar functions, affecting the Real Property, or any street, avenue or sidewalk comprising a part or in front thereof or any vault in or under the same, or requiring removal of any encroachment, or affecting the maintenance, use or occupation of the Real Property.

"Lease" shall have the meaning set forth in the recital hereto.

"Lessor(s)" shall mean a lessor under a Superior Lease.

"Letter of Credit" shall have the meaning set forth in Section 35.2.

"List" shall have the meaning set forth in Section 39.6(A).

"Lower Determination" shall have the meaning set forth in Section 42.2.

"M/WBE" shall have the meaning set forth in Section 6.5.

"Manager" shall mean a contractor under Landlord's contract for the management of the Building, if any. As of the date of this Lease, the Manager is Normandy Real Estate Partners.

"Maximum Number of Tons" shall have the meaning set forth in Section 28.6.

"Minor Alterations" shall have the meaning set forth in Section 6.1(A).

"Mortgage(s)" shall mean any trust indenture or mortgage which may now or hereafter affect the Real Property, the Building or any Superior Lease and the leasehold interest created thereby, and all renewals, extensions, supplements, amendments, modifications, consolidations and replacements thereof or thereto, substitutions therefor, and advances made thereunder.

"Mortgagee(s)" shall mean any trustee under or mortgagee or holder of a Mortgage.

"Ninth Floor Premises" shall have the meaning set forth in Section 44.1(A).

"Ninth Floor Premises Commencement Date" shall mean the earlier to occur of (i) the Substantial Completion Date with respect to the Ninth Floor Premises and (ii) the first date on which Tenant or any Person claiming under or through Tenant first occupies the Ninth Floor Premises, for the conduct of its business.

"Non-Renewal Notice" shall have the meaning set forth in Section 35.2(B).

"Notice(s)" shall have the meaning set forth in Section 27.1.

"OFAC" shall have the meaning set forth in Section 39.6(A).

"Offer Notice" shall have the meaning set forth in Section 40.2(A).

"Offer Space" shall have the meaning set forth in Section 40.1(B).

"Offer Space Inclusion Date" shall have the meaning set forth in Section 40.3.

"Offer Space Option" shall have the meaning set forth in Section 40.2(B).

"Operating Hours" shall mean 8:00 a.m. to 8:00 p.m. on Business Days and 9:00 a.m. to 1:00 p.m. on Saturdays, excluding Holidays.

"Outside Delivery Date" shall have the meaning set forth in Section 2.1(E).

"Overtime Periods" shall mean all periods other than during Operating Hours.

"Parties" shall have the meaning set forth in Section 39.2.

"Partnership Tenant" shall have the meaning set forth in Section 29.1.

"Performance Specifications" shall have the meaning set forth in Section 38.1(B).

"Permitted Transfer" shall have the meaning set forth in Section 15.3(B).

"Permitted Transferees" shall have the meaning set forth in Section 15.3(B).

"Person(s) or person(s)" shall mean any natural person or persons, a partnership, a corporation and any other form of business or legal association or entity.

"Persons Within Tenant's Control" shall mean and include Tenant, all of Tenant's respective principals, officers, agents, contractors, servants, employees, licensees and invitees.

"Prohibited Person" shall have the meaning set forth in Section 39.6(B).

"Punchlist Items" shall have the meaning set forth in Section 2.1(B)(i).

"Real Property" shall mean the Building and the Land.

"Recapture Space" shall have the meaning set forth in Section 15.4(B).

"Recapture Sublease" shall have the meaning set forth in Section 15.4(C).

"Recapture Subtenant" shall have the meaning set forth in Section 15.4(C).

"Removal Budget" shall have the meaning set forth in Section 6.1(C)(2).

"Removal Costs" shall have the meaning set forth in Section 6.1(C)(2).

"Renewal Notice" shall have the meaning set forth in Section 42.1(A).

"Renewal Option" shall have the meaning set forth in Section 42.1(A).

"Renewal Term" shall have the meaning set forth in Section 42.1(A).

"Rental" shall mean and be deemed to include Fixed Rent, Additional Rent and any other sums payable by Tenant hereunder.

"Requirements" shall mean (i) all Laws, (ii) all requirements, obligations and conditions of all instruments of record on the date of this Lease listed on Schedule P annexed hereto and made a part hereof, and (iii) all commercially reasonable requirements, obligations and conditions imposed by the carrier of Landlord's or Tenant's commercial property insurance policy for the Building.

"RSF" shall mean rentable square feet.

"Rules and Regulations" shall mean the rules and regulations annexed hereto as Schedule G, and such other reasonable modifications and additions to same as Landlord and Landlord's agents may from time to time adopt, on notice to Tenant to be given in accordance with the terms of this Lease. The parties agree that all rules and regulations that are designed for the safety or security of occupants of the Building, property in the Building, or the Building itself, shall have a presumption that they are reasonable. If a conflict or inconsistency exists between the Rules and Regulations and the provisions of this Lease, then the provisions of this Lease shall control.

"Special Occupant" shall have the meaning set forth in Section 15.8(A).

"Specialty Alterations" shall mean any and all (i) vaults and safes, (ii) cooking kitchens (as opposed to pantries), (iii) stone flooring, subflooring structures (such as for floor reinforcement) and raised flooring systems, (iv) structural reinforcements, (v) auditoria, (vi) dumbwaiters, (vii) conveyors, (viii) mainframe computer centers, (ix) slab penetrations and floor openings, excluding a reasonable number of penetrations and openings for wiring and conduit of less than four (4) inches in diameter, (x) intentionally omitted, (xi) high-density files and high-density bookshelves, (xii) fish tanks, (xiii) back up energy supply systems, generators and fuel tanks, fuel lines and all equipment related to any back-up energy supply system, (xiv) internal staircases, (xv) private or executive lavatories, (xvi) shower facilities, (xvii) medical facilities, (xviii) Alterations located outside of the Premises (including, without limitation, Alterations to the Terrace), (xix) elevators or lifts, and, (xx) if required by Requirements to be removed upon the Fixed Expiration Date or earlier termination of this Lease, all wiring and cabling installed by or on behalf of Tenant.

"Stated Commencement Date" shall have the meaning set forth in Section 2.1(B).

"Subject to CPI Adjustment", with reference to a specified amount, means the specified amount, multiplied by a fraction, the numerator of which shall be the Consumer Price Index for the calendar month preceding the date on which such amount is to be adjusted under the provision in question, and the denominator of which is the Consumer Price Index in effect on the date of this Lease.

"Sublease Additional Rent" shall have the meaning set forth in Section 15.5.

"Sublease or Assignment Statement" shall have the meaning set forth in Section 15.4(B).

"Substantially Completed" or "Substantial Completion" shall, whenever used in this Lease with respect to Landlord's Work, be deemed to mean that stage of the progress of Landlord's Work at which all of Landlord's Work, other than Punchlist Items, has been substantially completed in accordance with the plans and specifications therefor and applicable Requirements and as shall enable Tenant to have (a) the services to be provided to Tenant pursuant to Article 28 hereof, and (b) access to the Premises, free of construction liens, to commence the conduct of Tenant's business without unreasonable interference by reason of the need to complete Punchlist Items.

"Substantial Completion Date" shall mean the date that Landlord's Work shall be Substantially Completed.

"Superior Lease(s)" shall mean all ground or underlying leases of the Real Property or the Building heretofore or hereafter made by Landlord and all renewals, extensions, supplements and modifications thereof.

"Supplemental A/C Units" shall have the meaning set forth in Section 28.6.

"Tax Year" shall mean each period of twelve (12) months, commencing on the first day of July of each year, that includes any part of the Term, or such other period of twelve (12) months as may be duly adopted as the fiscal year for real estate tax purposes by the City of New York.

"Taxes" shall have the meaning set forth in Section 3.1(B).

"Telecommunications Closets" shall have the meaning set forth in Section 28.1(J).

"Tenant", on the date as of which this Lease is made, shall mean the Tenant named in this Lease, but thereafter "Tenant" shall mean only the tenant under this Lease at the time in question; provided, however, that the Tenant named in this Lease and any successor tenant hereunder shall not be released from liability hereunder in the event of any assignment of this Lease.

"Tenant Delay" shall mean any actual delay that Landlord may encounter in the performance of Landlord's obligations under this Lease by reason of (i) any intentional act, negligence or omission (where there is a duty to act) of any nature of Tenant or Tenant's agents, employees, contractors, architects, space designers, subcontractors or invitees, including, without limitation, (1) delay from or by the New York City Department of Buildings or other like governmental agencies due to any Alteration or work requested by Tenant or special permits or licenses required by Tenant in connection therewith (except to the extent any such delay is caused by acts of Landlord or its agents), (2) delays due to changes in or additions to any work

(including, but not limited to, Landlord's Work) requested by Tenant after Landlord's approval of Final Plans, (3) Tenant's failure to timely submit information or to timely give authorizations or approvals required to be given by Tenant within the time periods required hereunder or in the Work Agreement or delays resulting from the fact that, under good construction practice, portions of Landlord's Work or approved Additional Work must be scheduled after the completion of certain items of Tenant's Installations (as defined in the Work Agreement), and/or (4) delays caused by a material breach of this Lease by Tenant or Persons Within Tenant's Control, or the willful misconduct or negligence of Tenant or Persons Within Tenant's Control, (ii) postponement of any item of Landlord's Work at the request of Tenant, (iii) Tenant's interference with the performance of Landlord's Work in connection with Tenant's entry into the Premises pursuant to the Work Agreement, (iv) Tenant's request for materials or products in Landlord's Work or Additional Work which must be specially fabricated to order or are not readily available for delivery, (v) Tenant's requests for or the performance of Additional Work or Tenant's failure to timely approve and/or pay the Excess Additional Work Cost (as defined in the Work Agreement) as set forth in Paragraph B of Article II of the Work Agreement, (vi) a delay set forth in clauses (w) through (z) in Paragraph B of Article I of the Work Agreement or set forth in the last sentence of Paragraph A of Article II of the Work Agreement. For the avoidance of doubt, the term "Tenant Delay" shall include any delay which is expressly stated in this Lease or in the Work Agreement to be a Tenant Delay. In order to claim that a Tenant Delay has occurred, Landlord shall promptly notify Tenant after Landlord has actual knowledge of a Tenant Delay and state in reasonable detail the basis of such Tenant Delay. Any such period of Tenant Delay shall not exceed the time period Landlord was actually delayed as a result of such Tenant Delay and any simultaneous Tenant Delays shall be deemed to run concurrently and not consecutively and shall not be "double" counted.

"Tenant Improvement Allowance" shall have the meaning set forth in Section 44.1(C)(2).

"Tenant's Additional Specialty Alterations Notice" shall have the meaning set forth in Section 6.1(C)(3).

"Tenant's BID Payment" shall have the meaning set forth in Section 3.2(A)(I).

"Tenant's Initial Tax Payment" shall have the meaning set forth in Section 3.2(A)(II).

"Tenant's Minimum Determination" shall have the meaning set forth in Section 42.2.

"Tenant's Minimum Offer Determination" shall have the meaning set forth in Section 40.2(B).

"Tenant's Property" shall mean Tenant's movable fixtures and movable partitions, telephone and other equipment, furniture, furnishings and other movable items of personal property.

"Tenant's Punchlist" shall have the meaning set forth in Section 2.1(B)(i).

"Tenant's Tax Payment" shall have the meaning set forth in Section 3.2(B).

"Tenant's Telecom Provider" shall have the meaning set forth in Section 28.1(J).

"Term Sheet" shall have the meaning set forth in Section 15.4(B).

"TIA Election" shall have the meaning set forth in Section 44.1(C).

"Umbrella" shall have the meaning set forth in Section 12.4(A).

"Unavoidable Delays" shall have the meaning set forth in Section 26.1.

"Work Agreement" shall have the meaning set forth in Section 38.2.

ARTICLE 2

DEMISE, PREMISES, TERM, RENT

Section 2.1. (A) Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the Premises for the Term to commence, subject to Article 23, on the Commencement Date and to end on the Fixed Expiration Date, unless earlier terminated or extended as provided herein.

(B) Landlord shall give Tenant five (5) Business Days' notice of the date on which Landlord's Work is expected to be Substantially Completed (such date, the "Stated Commencement Date"). Within fifteen (15) days after Landlord's Work shall have been Substantially Completed, Tenant shall deliver to Landlord a punchlist ("Tenant's Punchlist") of Punchlist Items. For purposes of this Lease, "Punchlist Items" shall mean minor details of construction, decoration and mechanical adjustments that remain incomplete, the non-completion of which do not, either individually or in the aggregate, interfere in any material respect with Tenant's ability to conduct its business on the Premises. Landlord shall diligently complete the Punchlist Items within a reasonable amount of time (but in no event more than thirty (30) days, other than with respect to long lead-time items specified by Landlord at the time such Punchlist Items are identified) following delivery of Tenant's Punchlist.

(C) Landlord shall submit to Tenant a written agreement, substantially in the form annexed as Schedule E, confirming the Commencement Date and the Fixed Expiration Date fixed in accordance with the provisions of this Lease, and Tenant shall execute such agreement and return it to Landlord within five (5) Business Days thereafter. Any failure of the parties to execute such written agreement shall not affect the validity of the dates specified therein for the Premises fixed in accordance with the provisions of this Lease as aforesaid. Any dispute as to whether and when Substantial Completion has occurred shall be resolved by expedited arbitration in accordance with Article 43 of this Lease.

(D) In the event the Commencement Date does not occur by August 30, 2016 (the "First Delivery Date"), subject to extension by reasons of Unavoidable Delays or Tenant Delays, Tenant, as its sole and exclusive remedy therefor, shall receive liquidated damages in the amount of one (1) day of Fixed Rent for each day that the Commencement Date does not occur beyond the First Delivery Date (as the same may have been extended), until the Commencement Date shall occur, to be applied as a credit against the initial payments of Fixed Rent due hereunder.

(E) In the event the Commencement Date does not occur by March 1, 2017 (the "Outside Delivery Date"), subject to extension by reason of Unavoidable Delays or Tenant Delays, provided that any adjournment on account of Unavoidable Delays shall not exceed ninety (90) days in the aggregate, then Tenant shall have the right, but not the obligation, as Tenant's sole and exclusive remedy for such delay in the occurrence of the Commencement Date (in lieu of Tenant's receipt of any liquidated damages in accordance with Section 2.1(D) above), to terminate this Lease on thirty (30) days written notice (a "Late Delivery Termination Notice") given to Landlord within the twenty (20) day period immediately following the Outside Delivery Date (but prior to the occurrence of the Commencement Date), with time being of the essence with respect to Tenant's exercise of such termination right. If Tenant shall timely give a Late Delivery Termination Notice in accordance with this Section 2.1(E), this Lease shall terminate effective as of the thirtieth (30th) day after the date such notice is given by Tenant, as if such termination date were the Fixed Expiration Date; provided, however, that if the Commencement Date shall occur prior to such thirtieth (30th) day after the giving of the Late Delivery Termination Notice, then Tenant's exercise of such right to terminate this Lease shall be null and void, and this Lease shall continue in full force and effect as if the Late Delivery Termination Notice had not been given. For the avoidance of doubt, if the Commencement Date shall occur prior to such thirtieth (30th) day after the giving of the Late Delivery Termination Notice and this Lease shall continue in full force and effect, then Tenant shall be entitled to receive the liquidated damages accrued in accordance with Section 2.1(D) above.

Section 2.2. Tenant shall pay to Landlord, in lawful money of the United States of America, without notice or demand, by good and sufficient check drawn to the Landlord's order on a bank or trust company which is a member of the Clearinghouse Association at the office of Landlord or at such other place as Landlord may designate from time to time, the following:

(A) commencing upon the Commencement Date, the Fixed Rent, at the annual fixed rental rates set forth in the Reference Page, which shall be payable in equal monthly installments of Fixed Rent in advance on the first day of each and every calendar month during the Term, except that the first (1st) monthly installment of Fixed Rent for the Premises shall be payable by Tenant upon the execution of this Lease; and

(B) commencing upon the Commencement Date, additional rent ("Additional Rent") consisting of all other sums of money (including, without limitation, Escalation Rent) as shall become due from and be payable by Tenant hereunder (for default in the payment of which Landlord shall have the same remedies as for a default in the payment of Fixed Rent).

Section 2.3. If the Commencement Date is other than the first day of a calendar month, or the Expiration Date is other than the last day of a calendar month, Fixed Rent for such month shall be prorated on a *per diem* basis.

Section 2.4. Tenant shall pay the Fixed Rent and Additional Rent when due without abatement, deduction, counterclaim, setoff or defense for any reason whatsoever, except said abatement as may be occasioned by the occurrence of any event permitting an abatement of Fixed Rent and Escalation Rent as specifically set forth in this Lease.

Section 2.5. Notwithstanding anything to the contrary set forth herein, provided that no Event of Default shall have occurred and then be continuing, Tenant shall receive an aggregate rent credit (i) in the amount of $565,040.67 (the "Aggregate Tenth Floor Premises Rent Credit"), to be applied in eight (8) equal installments of $70,630.08 against the amounts of Fixed Rent due hereunder with respect to the Tenth Floor Premises for the first eight (8) months of the Term; (ii) in the amount of $556,365.36 (the "Aggregate Eleventh Floor Premises Rent Credit"), to be applied in eight (8) equal installments of $69,545.67 against the amounts of Fixed Rent due hereunder with respect to the Eleventh Floor Premises for the first eight (8) months of the Term; and (iii) in the amount of $293,450.64 (the "Aggregate Penthouse Space Rent Credit"), to be applied in eight (8) equal installments of $36,681.33 against the amounts of Fixed Rent due hereunder with respect to the Penthouse Space for the first eight (8) months of the Term. The Aggregate Tenth Floor Premises Rent Credit, the Aggregate Eleventh Floor Premises Rent Credit and the Aggregate Penthouse Space Rent Credit are in this Lease collectively referred to as the "Aggregate Rent Credit." If, however, this Lease shall terminate due to an Event of Default by Tenant hereunder or if this Lease shall be rejected in the case of a bankruptcy, the Aggregate Rent Credit shall be immediately due and payable to Landlord. Notwithstanding anything to the contrary provided herein, in the event that Tenant's right to the Aggregate Rent Credit shall be suspended during any period in which an Event of Default is continuing, immediately following Tenant's cure of such Event of Default, any portion of the Aggregate Rent Credit not so taken by reason of such Event of Default shall be applied to the next installment(s) of Fixed Rent then due hereunder.

Section 2.6. Except as expressly set forth in the Work Agreement, Tenant shall have no right to access the Premises prior to the Commencement Date. Any access by Tenant to the Premises prior to the Commencement Date shall be subject to the terms and conditions set forth in the Work Agreement.

ARTICLE 3

ESCALATION

Section 3.1. For the purposes of this Article 3, the following terms shall have the meanings set forth below:

(A) "Taxes" shall mean the aggregate amount of real estate taxes and any general or special assessments (exclusive of penalties and interest thereon) imposed upon the Real Property (including, without limitation, (i) assessments made upon or with respect to any "air" and "development" rights now or hereafter appurtenant to or affecting the Real Property, (ii) any fee, tax or charge imposed by any Government Authority for any vaults, vault space or other space within or outside the boundaries of the Real Property (except that Taxes shall not include such fee, tax or charge to the extent that Landlord leases or licenses such vaults or vault spaces to a third party), and (iii) any assessments levied after the date of this Lease for public benefits to the Real Property or the Building, other than BID Charges (as hereinafter defined); provided that if, because of any change in the taxation of real estate, any other tax or assessment, however denominated (including, without limitation, any franchise, income, profit, sales, use, occupancy, gross receipts or rental tax) is imposed upon Landlord or the owner of the Real Property or the Building, or the occupancy, rents or income therefrom, in substitution for any of

the foregoing Taxes or for an increase in any of the foregoing Taxes, such other tax or assessment shall be deemed part of Taxes computed as if Landlord's sole asset were the Real Property. If any such real estate taxes or assessments are payable in installments without interest, premium or penalty, then Landlord shall include in Taxes for any particular Tax Year only the installment of such real estate taxes or assessments that the applicable Governmental Authority requires Landlord to pay during such Tax Year, provided that Landlord has previously paid such amount or will pay such amount during such Tax Year. With respect to any Tax Year, all expenses, including customary attorneys' fees and disbursements and experts' and other witnesses' fees, incurred in contesting the validity or amount of any Taxes or in obtaining a refund of Taxes shall be considered as part of the Taxes for such Tax Year. Anything contained herein to the contrary notwithstanding, (x) Taxes shall not be deemed to include any penalties or interest that the applicable Governmental Authority imposes for the late payment of such real estate taxes or assessments, or (a) any taxes on Landlord's income, (b) franchise taxes, (c) estate or inheritance taxes, capital stock, excise, excess profits, gift, payroll or stamp taxes imposed on Landlord, (d) any transfer taxes or mortgage taxes that are imposed on Landlord in connection with the conveyance of any interest in the Real Property or granting or recording a mortgage lien thereon, or (e) any similar taxes imposed on Landlord, except to the extent such taxes are levied, assessed or imposed as a substitute for the whole or any part of, or as a substitute for an increase in, the taxes, assessments, levies, fees, charges and impositions that now constitute Taxes and (y) Taxes shall be calculated without giving effect to any tax exemption, abatement or deferral program or reduction which the Real Property or any portion thereof may now or hereafter receive pursuant to any governmental incentive program (including, without limitation, the ICAP) to the extent, and for the duration of, such exemption, abatement or deferral program or reduction.

(B) "BID Charges" shall mean any business improvement district charges imposed on the Building and/or the Land, and any expenses incurred by Landlord in contesting the same.

Section 3.2. Tenant's Tax Payment.

(A) Tenant shall pay as Escalation Rent for each Tax Year, (I) commencing on the first anniversary of the Commencement Date, an amount ("Tenant's BID Payment") equal to Tenant's Tax Share of the BID Charges for the applicable Tax Year; and (II) commencing on July 1, 2017, an amount ("Tenant's Initial Tax Payment") equal to (a) $21,670.50 (or $0.75 per RSF of the Premises) for the 2017/2018 Tax Year; (b) $43,341.00 (or $1.50 per RSF of the Premises) for the 2018/2019 Tax Year; (c) $65,011.50 for the 2019/2020 Tax Year (or $2.25 per RSF of the Premises); (d) $86,682.00 (or $3.00 per RSF of the Premises) for the 2020/2021 Tax Year; and (e) $108,352.50 (or $3.75 per RSF of the Premises) for the 2021/2022 Tax Year.

(B) Commencing on July 1, 2022, Tenant shall pay as Escalation Rent for each Tax Year throughout the remainder of the Term, an amount ("Tenant's Tax Payment") equal to the sum of (I) Tenant's BID Payment for the applicable Tax Year; (II) Tenant's Tax Share of the amount by which the Taxes for such Tax Year are greater than the Base Tax Factor, and (III) Tenant's Initial Tax Payment of $108,352.50. Tenant's Tax Payment shall be payable by Tenant to Landlord in twelve (12) equal monthly installments (subject to the further

provisions of this Section 3.2), the first of which shall be due within twenty (20) days after receipt of a Landlord's Tax Statement, regardless of whether such Landlord's Tax Statement is received prior to, on or after the first day of such Tax Year (but subject to Section 3.4), and the remaining installments shall be due on the first day of each month thereafter. If there is any increase in Taxes or any increase in BID Charges for any Tax Year, whether during or after such Tax Year, or if there is any decrease in the Taxes or in BID Charges for any Tax Year during such Tax Year, Landlord shall furnish a revised Landlord's Tax Statement for any Tax Year affected, and Tenant's Tax Payment for such Tax Year shall be adjusted and, (a) within twenty (20) days after Tenant's receipt of such revised Landlord's Tax Statement, Tenant shall (with respect to any increase in Taxes and/or BID Charges for such Tax Year) pay the appropriate increase in Tenant's Tax Payment to Landlord, or (b) (with respect to any decrease in Taxes and/or BID Charges for such Tax Year) Landlord shall, at its election, either credit such decrease in Tenant's Tax Payment against the next installment(s) of Rental payable by Tenant or refund the amount of such decrease within thirty (30) days after Landlord's receipt of any refund by check to the order of Tenant, or, if at the end of the Term, there shall not be any further installments of Rental remaining against which Landlord can credit any decrease in Taxes and/or BID Charges due Tenant, Landlord shall deliver to Tenant Landlord's check in the amount of the refund due Tenant within thirty (30) days after Landlord's receipt of any refund. If, during the Term, Taxes or BID Charges are required to be paid (either to the appropriate taxing authorities or as tax escrow payments to the Lessor or the Mortgagee), in full or in quarterly or other installments on any other date or dates than as presently required, then Tenant's Tax Payments shall be correspondingly accelerated or revised so that Tenant's Tax Payments are due at least thirty (30) days prior to the date payments are due to the taxing authorities, the Lessor or the Mortgagee. The benefit of any discount for any early payment or prepayment of Taxes or BID Charges shall accrue solely to the benefit of Landlord and Taxes and BID Charges shall be computed without subtracting such discount. The provisions of this Section 3.2(B) shall survive the Expiration Date.

(C) Only Landlord shall be eligible to institute tax reduction or other proceedings to reduce Taxes or BID Charges. If, after a Landlord's Tax Statement has been sent to Tenant, a refund of Taxes or BID Charges is actually received by or on behalf of Landlord, then, promptly after receipt of such refund, Landlord shall send Tenant a Landlord's Tax Statement adjusting the Taxes and BID Charges for such Tax Year (taking into account Landlord's expenses therefor to the extent not already reflected in the calculation of Taxes) and setting forth Tenant's Tax Share of such refund, and Tenant shall be entitled to receive such amount by way of a credit against the Rental payable by Tenant or, if at the end of the Term, there shall not be any further installments of Rental remaining against which Landlord can credit any refund due Tenant, Landlord shall deliver to Tenant Landlord's check in the amount of the refund due Tenant within thirty (30) days after Landlord's receipt of any refund; provided, however, that Tenant's Tax Share of such refund shall be limited to the amount of Tenant's Tax Payment or Tenant's BID Payment, as applicable, which Tenant had theretofore paid to Landlord attributable to increases in Taxes or BID Charges for the Tax Year to which the refund is applicable.

(D) Tenant's Tax Payment and Tenant's BID Payment and any credits with respect thereto as provided in this Section 3.2 shall be made as provided in this Section 3.2 regardless of the fact that Tenant may be exempt, in whole or in part, from the payment of any taxes by reason of Tenant's diplomatic or other tax exempt status or for any other reason whatsoever.

(E) Tenant shall pay to Landlord within twenty (20) days after demand as Additional Rent any occupancy tax or rent tax now in effect or hereafter enacted, if payable by Landlord in the first instance or hereafter required to be paid by Landlord.

(F) Each Landlord's Tax Statement furnished by Landlord with respect to Tenant's Tax Payment and Tenant's BID Payment shall, at Tenant's request, be accompanied by a copy of the real estate tax bill or bills for the Tax Year referred to therein, but Landlord shall have no obligation to deliver more than one such copy of the real estate tax bill or bills in respect of any Tax Year, and Landlord's failure to deliver such copy shall not affect Tenant's obligations as to amount or due date(s) thereof.

(G) If the Base Tax Factor subsequently shall be adjusted, corrected or reduced whether as the result of protest, by means of agreement or as the result of legal proceedings, the Base Tax Factor for the purpose of computing any Additional Rent payable pursuant to this Article shall be the Base Tax Factor as so adjusted, corrected or reduced. Until the Base Tax Factor is so adjusted, corrected or reduced, if ever, Tenant shall pay Additional Rent hereunder based upon the unadjusted, uncorrected or unreduced Base Tax Factor and upon such adjustment, correction or reduction occurring, any Additional Rent payable by Tenant prior to the date of such occurrence shall be recomputed and Tenant shall pay to Landlord any Escalation Rent found due by such re-computation within twenty (20) days after being billed therefor.

(H) If the Commencement Date or the Expiration Date occurs on a date other than July 1 or June 30, respectively, any Tenant's Tax Payment and Tenant's BID Payment under this Article 3 for the Tax Year in which such Commencement Date or Expiration Date occurs shall be apportioned in that percentage which the number of days in the period from the Commencement Date to June 30 or from July 1 to the Expiration Date, as the case may be, both inclusive, bears to the total number of days in such Tax Year. In the event of a termination of this Lease, any Escalation Rent under this Article 3 shall be paid or adjusted within twenty (20) days after submission of a Landlord's Statement. In no event shall Fixed Rent ever be reduced by operation of this Article 3 and the rights and obligations of Landlord and Tenant under the provisions of this Article 3 with respect to any Escalation Rent shall survive the Expiration Date.

Section 3.3. Landlord's failure to render any Landlord's Statement with respect to any Tax Year shall not prejudice Landlord's right thereafter to render a Landlord's Statement with respect thereto or with respect to any subsequent Tax Year, nor shall the rendering of a Landlord's Statement prejudice Landlord's right thereafter to render a corrected Landlord's Statement for that Tax Year. Notwithstanding the foregoing, Landlord shall not have the right to render a Landlord's Statement for a particular Tax Year unless Landlord gives to Tenant a Landlord's Statement for such Tax Year within three (3) years after the later of (i) the last day of such Tax Year and (ii) the date on which any contest of Taxes with respect to such Tax Year is finally determined or settled with the applicable taxing authority.

Section 3.4. Any Landlord's Statement sent to Tenant shall be conclusively binding upon Tenant unless, within one hundred eighty (180) days after such Landlord's Statement is sent, Tenant shall send a written notice to Landlord objecting to such Landlord's Statement and specifying, to the extent reasonably practicable, the respects in which such Landlord's Statement is disputed.

ARTICLE 4

ELECTRICITY

Section 4.1.

(A) Landlord shall provide throughout the term of this Lease a demand electrical load of six (6) watts per rentable square foot (exclusive of the electricity to operate the Building Systems, but inclusive of all electricity utilized by any supplemental air-conditioning equipment serving the Premises) to be furnished to the Premises (the "Base Electrical Capacity"), and in no event shall the electrical load in the Premises exceed the Base Electrical Capacity. Tenant shall have the right to redistribute the Base Electrical Capacity within the Premises as Tenant shall deem appropriate, subject to Landlord's prior approval (which shall not be unreasonably withheld, conditioned or delayed), pursuant to the terms of this Lease (including, without limitation, Article 6), and provided that Tenant shall have the obligation to restore such electrical capacity of the Premises to its condition prior to such distribution on or prior to the Expiration Date. Notwithstanding the foregoing, Landlord shall not be liable in any way to Tenant for any interruption or failure or defect in the supply or character of electric service furnished to the Premises or for any loss, damage or expense Tenant may sustain if either the quantity or character of electric service is changed or is no longer suitable for Tenant's requirements, by reason of any requirement, act or omission of the public utility serving the Building.

(B) Subject to the terms of this Section 4.1(B), Tenant, from time to time, shall have the right to request that Landlord increase the Base Electrical Capacity set forth in Section 4.1(A) hereof by making available to Tenant excess electrical capacity that is then available in the Building (such availability to be determined in Landlord's discretion giving due consideration to the then current and future needs of the Building) to the extent such excess capacity exists (and is not reserved for other tenants or occupants of the Building) and Tenant has a bona-fide need for such additional electrical capacity evidenced by a load letter provided by a reputable independent third party electrical engineer reasonably satisfactory to Landlord. If Landlord shall make such excess capacity available to Tenant, (i) Landlord shall perform any work that is required in connection with any such increase in electrical capacity at Tenant's expense and (ii) Tenant shall pay to Landlord, as Electricity Additional Rent, in addition to the Electricity Additional Rent provided for in Section 4.2(A) of this Lease, a one-time fee equal to the Landlord's then Excess Capacity Charge for each kilowatt of excess capacity so made available to Tenant. As of the date of this Lease, Landlord's "Excess Capacity Charge" is equal to $300 per kilowatt, Subject to CPI Adjustment on each anniversary of the Commencement Date.

Section 4.2. (A) Landlord, as part of Landlord's Base Building Work, shall provide a bus duct, new switch and main electric distribution panels in the electrical closet to be located on each floor of the Premises and as otherwise shown on the Plans and Specifications listed on Schedule R. As of the Commencement Date, electricity shall be furnished by Landlord to 120/208V, 175 amp main electrical distribution panels located on each of the tenth floor and the eleventh floor of the Premises, and to a 120/208V, 200 amp main electrical distribution panel located on the penthouse floor of the Premises. Tenant shall pay to Landlord, as Additional Rent for such electrical service (including any electricity used to service any supplemental air-conditioning unit(s) providing air-conditioning exclusively to the Premises and any Building Systems serving the Premises, including, without limitation, the HVAC units provided by Landlord to cool the Premises), one hundred five percent (105%) of the amounts (the "Electricity Additional Rent"), as determined by an existing submeter or submeter(s) which shall be installed by Landlord, as part of Landlord's Base Building Work (which submeter(s) shall be maintained, repaired and replaced by Tenant, at Tenant's expense), at the same charges and rates per kilowatt hour that Landlord pays for electricity, as set from time to time during the Term by the public utility serving the Building, applied to the monthly readings on such submeter(s) totalized electronically (at Landlord's expense) so as to represent the coincidental demand for the Premises as if measured via a single demand meter. The location and type of submeter(s) to be installed by Tenant in replacement of any existing submeter(s) serving the Premises shall be subject to Landlord's prior approval (which approval shall not be unreasonably withheld).

(B) Bills for the Electricity Additional Rent shall be rendered to Tenant monthly within thirty (30) days of the end of the period covered by such bills, and Tenant shall pay the amount shown thereon to Landlord within thirty (30) days after the rendering of such bill. At Tenant's request, Landlord shall send Tenant with respect to any bill for Electricity Additional Rent a summary of the meter readings for each of Tenant's submeters and the applicable utility bill for the portion of the Building of which the Premises is a part. Tenant and its representatives shall have access, from time to time, to the submeters measuring consumption in the Premises on reasonably prior notice to Landlord for the purpose of verifying Landlord's submeter readings. As of the Commencement Date, Landlord shall provide online access for Tenant to monitor Tenant's electrical consumption in the Premises. Tenant shall not have the right to object to Landlord's calculation of the Electricity Additional Rent unless Tenant gives Landlord notice of any such objection on or prior to the one hundred eightieth (180th) day after the date that Landlord gives Tenant the applicable invoice for the Electricity Additional Rent. If Tenant gives Landlord a notice objecting to Landlord's calculation of the Electricity Additional Rent, as aforesaid, then Tenant shall have the right to review Landlord's submeter readings and Landlord's calculation of the Electricity Additional Rent, at Landlord's offices or, at Landlord's option, at the offices of Landlord's managing agent, in either case at reasonable times and on reasonable advance notice to Landlord. Either party shall have the right to submit a dispute regarding the Electricity Additional Rent to expedited arbitration in accordance with Article 43 of this Lease.

(C) Wherever reference is made in this Article to rate(s) or charge(s) of the public utility supplying electricity to the Building or to increases in such rates or charges, the words rates or charges shall be deemed to include without limitation, any and all (including any new or additional): (i) kilowatt hours or energy charge; (ii) kilowatts of demand charge; (iii) fuel adjustment charge; (iv) transfer adjustment charge; (v) utility tax; (vi) sales tax, and (vii) any and all other charges and taxes required to be paid by Landlord to the utility company.

(D) If at any time during the Term any of the submeter(s) serving the Premises are not in working order, then until the repair of such submeter(s) Tenant shall pay for electrical consumption for such portion of the Premises at a rate based on the average amounts incurred as Electricity Additional Rent for the remainder of the Premises, or if not available, based on Tenant's prior usage and demand, in each case as reasonably estimated by Landlord.

(E) If Tenant occupies the Premises or any portion thereof for the conduct of its business or otherwise prior to the installation of the submeter(s) serving the Premises, then until the installation of such submeter(s), Tenant shall pay $2.50 per RSF so occupied per annum, which amount shall be prorated if the period of such occupancy prior to the installation of such submeter(s) involves a portion of a year. Such rates may be increased by an amount equal to any increase in the cost of electricity furnished to the Building.

Section 4.3. Tenant covenants and agrees that its use of electric current in the Premises shall never exceed the demand load specified in this Section 4.1. Tenant agrees not to connect any electrical equipment to the Building's electric distribution system, other than lamps, personal computers, typewriters, copiers and other typical office machines which consume comparable amounts of electricity, without Landlord's prior written consent (which shall not be unreasonably withheld, delayed or conditioned).

Section 4.4. Landlord reserves the right to terminate the furnishing of electricity to the Premises upon sixty (60) days' notice to Tenant in which event Tenant may make application directly to the public utility and/or other provider then serving the Building for Tenant's separate supply of electric current, and Landlord shall permit its wires and conduits to be used for such purpose, to the extent available and safely capable, but only to the extent of Tenant's authorized demand load as set forth in Section 4.1. Notwithstanding the foregoing, Landlord shall not cease furnishing electricity to the Premises until Tenant has procured electric service to the Premises on a direct-metered basis from the public utility or other provider then serving the Building, provided that Tenant shall use diligent efforts to do so from and after the receipt of Landlord's notice. Any meters, risers or other equipment or connections necessary to enable Tenant to obtain electric current directly from such utility and/or other provider shall be installed at Tenant's sole cost and expense, provided that Landlord shall reimburse Tenant for the cost and expense of such installations in the event Landlord voluntarily ceases furnishing electricity to the Premises (other than to the extent required by applicable Requirements). Landlord, upon the expiration of the aforesaid sixty (60) days' notice to Tenant, subject to the foregoing, may discontinue furnishing electric current to the Premises, but this Lease shall otherwise remain in full force and effect. If Landlord shall discontinue furnishing electricity as provided herein, then commencing on the date when Tenant receives such direct service (and as long as Tenant shall continue to receive such direct electric service), Tenant shall not be required to pay the Electricity Additional Rent which was payable immediately prior to such discontinuance of electricity.

Section 4.5. Landlord shall have the right, in its sole discretion, to select any entity or entities which it desires to have as the electrical service provider to the Building (including the Premises), and Tenant shall not have the right to select the same or participate in the selection of the same, except to the extent that any Requirement mandates that Tenant have any such right(s).

Section 4.6. Tenant shall conduct routine maintenance on lighting fixtures, supplementary air conditioning and appliances in order to maintain maximum energy efficiency. To that end, Tenant shall ensure that energy-efficient settings are enabled on all computers and other equipment to the maximum extent feasible and shall turn off equipment at the power point during periods when it is expected that same will not be in use, such as during holidays, weekends and vacations. Tenant shall arrange and require its employees working in the Premises to participate in any annual training regarding energy savings. Tenant shall cooperate with Landlord in conducting energy savings audits and shall participate in any Landlord-sponsored training programs regarding energy savings.

ARTICLE 5

USE AND OCCUPANCY

Section 5.1. Tenant shall use and occupy the Premises for the Permitted Use and for no other purpose.

Section 5.2. Tenant shall not use the Premises or any part thereof, or permit the Premises or any part thereof to be used, (1) for the business of photographic, multilith or multigraph reproductions or offset printing (other than those which are ancillary to an otherwise Permitted Use), (2) for an off-the-street retail commercial banking, thrift institution, loan company, trust company, depository or safe deposit business accepting deposits from the general public, (3) for the off-the-street retail sale of travelers checks, money orders, drafts, foreign exchange or letters of credit or for the receipt of money for transmission, (4) by the United States government, the City or State of New York, any foreign government, the United Nations or any agency or department of any of the foregoing having or asserting sovereign immunity, (5) for the preparation, dispensing or consumption of food or beverages in any manner whatsoever (except for the preparation, dispensing and consumption of food and beverages by Tenant's employees who work in the Premises and by business invitees at meetings and events held in the ordinary course of Tenant's business and in accordance with the terms of this Lease), (6) for any retail use, (7) as an employment agency, day-care facility, labor union, school, or vocational training center (except for the training of employees of Tenant intended to be employed at the Premises), (8) as a barber shop, beauty salon or manicure shop, (9) for the operation of a dry-cleaning business, (10) for operation of a gasoline station, automobile service or maintenance facility or carwash, (11) for product display activities (such as those of a manufacturer's representative), except that Tenant may use a portion of the Premises for a product display area for the sole use of its employees (but, for the avoidance of doubt, not for the sale of such products), (12) as offices of any public utility company, (13) for data processing activities (other than those which are ancillary to an otherwise Permitted Use), (14) for health care activities, (15) for clerical support services or offices of public stenographers or typists (other than those which are ancillary to an otherwise Permitted Use), (16) as reservation centers for airlines or travel agencies, (17) for any manufacturing use, (18) as studios for radio, television or other media, (19) for offices of a real estate brokerage firm, (20) by any not-for-profit or religious institution or entity, (21) for the operation of any business that, in the ordinary course of operation, would be likely to result in

the release of Hazardous Materials, (22) for the operation of a cabaret, dance hall or similar venue, or (23) for the sale or display of obscene or pornographic material, the conduct of obscene, nude or semi-nude live performances, or similar purposes. For purposes of the preceding clause (23), "pornographic" shall mean that the material or purpose has prurient appeal or relates, directly or indirectly, to lewd or prurient sexual activity and "obscene" shall have the meaning ascribed thereto in New York Penal Law Section 235.00. Furthermore, the Premises shall not be used for any purpose that would, in Landlord's reasonable judgment, tend to lower the first-class character of the Building, violate the certificate of occupancy of the Building, impair or interfere with any of the Building operations or the proper and economic heating, air-conditioning, cleaning or any other services of the Building (other than to a *de minimis* extent), interfere with the use of the other areas of the Building by any other tenants, or impair the appearance of the Building.

Section 5.3. Notwithstanding anything to the contrary provided in this Lease, Landlord hereby acknowledges that Tenant may construct in a portion of the Penthouse Space not to exceed one thousand (1,000) usable square feet a fitness center, including showers and locker rooms for users thereof and gym flooring (the "Fitness Center") for use by Tenant's personnel and business invitees in the ordinary course of Tenant's business and in accordance with the terms of this Lease, provided that Tenant shall comply with all of the applicable provisions of this Lease in installing and maintaining the Fitness Center, including, without limitation, Article 6 and Article 9 hereof, as well Landlord's reasonable requirements in the construction and maintenance of the Fitness Center which shall include, without limitation, subject to Landlord's approval of plans and specifications therefor in accordance with Article 6 of this Lease, the installation of a waterproof membrane under any portion of the Fitness Center used for showers, reinforced floors (if necessary in Landlord's determination) and noise-dampening installations (if necessary, in Landlord's determination) so as to limit the water, noise and vibrations emanating from the Fitness Center.

ARTICLE 6

ALTERATIONS

Section 6.1.

(A) Tenant, upon at least ten (10) days written notice to Landlord, but without obtaining Landlord's consent, may make Alterations within the Premises which do not require a building permit and are purely decorative in nature, such as painting, carpeting, wall covering, and the like (such Alterations, hereinafter "Decorative Alterations") and other Alterations not of the type described in clauses (1) through (5) of the following sentence that cost in the aggregate less than $150,000 in any twelve (12) month period and do not require a building permit ("Minor Alterations"). Tenant shall not make or permit to be made any other Alterations without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed, provided that (1) the outside appearance of the Building shall not be affected; (2) the strength of the Building shall not be affected; (3) the structural parts of the Building shall not be affected; (4) except as otherwise expressly provided in this Lease, no part of the Building outside of the Premises shall be affected; and (5) the proper functioning of the Building Systems shall not be adversely affected and the use of such systems by Tenant shall not

be increased beyond Tenant's allocable portion of reserve capacity thereof, if any. Reference is made to the Construction Rules and Regulations annexed to this Lease as Schedule F and incorporated herein by reference. Any dispute between the parties as to whether Landlord's withholding or delay of its consent to a proposed Alteration is reasonable shall be resolved by expedited arbitration in accordance with Article 43 of this Lease.

(B) (1) Prior to making any Alterations, Tenant shall, at Tenant's expense, (i) other than with respect to Decorative Alterations and Minor Alterations, submit to Landlord three (3) sets of blue lines of final, stamped and detailed plans and specifications (including layout, architectural, electrical, mechanical and structural drawings) that comply with all Laws for each proposed Alteration, and Tenant shall not commence any such Alteration without first obtaining Landlord's approval of such plans and specifications in accordance with subsection (2) below, (ii) at Tenant's expense, obtain all permits, approvals and certificates required by any Government Authorities, and (iii) furnish to Landlord certificates evidencing worker's compensation insurance (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors, in connection with such Alteration) and commercial general liability insurance (including premises operation, bodily injury, personal injury, death, independent contractors, products and completed operations, broad form contractual liability and broad form property damage coverages) in such form, with such companies, for such periods and in such amounts as Landlord may reasonably approve, and as otherwise specified in Schedule H annexed to this Lease, naming Landlord and its agents, any Lessor and any Mortgagee, as additional insureds. Within thirty (30) days after completion of such Alteration, Tenant, at Tenant's expense, shall obtain certificates of final approval of such Alterations required by any Government Authority and shall furnish Landlord with copies thereof, together with the "as-built" plans and specifications for such Alterations, in AutoCad, Release 14 format, on CD Rom, or such other format as shall from time to time be reasonably designated by Landlord. Notwithstanding the foregoing, Tenant shall submit Tenant's plans and specifications to applicable Government Authorities in such format as may be required by such Government Authorities. All Alterations shall be made and performed substantially in accordance with the plans and specifications therefor as approved by Landlord, all Laws and the Construction Rules and Regulations. All materials and equipment to be incorporated in the Premises as a result of any Alterations shall be first quality and no such materials or equipment shall be subject to any lien, encumbrance, chattel mortgage, title retention or security agreement. In addition, except for Decorative Alterations and Landlord's Initial Alterations Work, (x) any Alteration to be performed by or on behalf of a party other than the original named Tenant or a permitted successor for which the cost of labor and materials (as reasonably estimated by Landlord's architect, engineer or contractor) is in excess of Seventy Five Thousand ($75,000.00) Dollars, either individually or in the aggregate with any other Alteration constructed in any twelve (12) month period, shall not be undertaken prior to Tenant's delivering to Landlord such security for timely lien-free completion thereof as is reasonably satisfactory to Landlord, and (y) all Alterations shall be performed only under the supervision of a licensed architect reasonably satisfactory to Landlord.

(2) Landlord shall respond to the proposed plans and specifications referred to in Section 6.1(B)(1)(i) within fifteen (15) Business Days after submission (and within ten (10) Business Days after any resubmission), but Landlord shall have no liability to Tenant by reason of Landlord's failure to respond within such time period. In the event that Landlord fails

to respond within the foregoing time period, and Tenant thereafter provides Landlord with a second notice of its proposed plans and specifications (provided such notice shall be delivered in writing in accordance with Article 27 and state in eighteen-point bold, capital letters the following: "**IF LANDLORD DOES NOT RESPOND TO THIS REQUEST FOR APPROVAL WITHIN FIVE (5) BUSINESS DAYS, LANDLORD'S APPROVAL OF THE PLANS AND SPECIFICATIONS SHALL BE DEEMED GRANTED IN ACCORDANCE WITH SECTION 6.1(B)(2) OF THE LEASE.**"), and Landlord fails to respond to such second notice within five (5) Business Days of Landlord's receipt thereof, Landlord shall be deemed to have approved the proposed plans and specifications in connection with such Alteration. Landlord reserves the right to disapprove any plans and specifications in part, to reserve approval of items shown thereon pending its review and approval of other plans and specifications, and to condition its approval upon Tenant making revisions to the plans and specifications or supplying additional information. Tenant agrees that any review or approval by Landlord of any plans and/or specifications with respect to any Alteration is solely for Landlord's benefit, and without any representation or warranty whatsoever to Tenant or any other Person with respect to the adequacy, correctness or sufficiency thereof or with respect to Laws or otherwise.

(3) Notwithstanding anything to the contrary provided herein, Tenant shall be entitled to make Department of Building filings through the professional certification filing procedure. In addition, Tenant shall have the right to submit a scope set of plans and specifications to Landlord prior to one hundred percent (100%) completion of the plans and specifications for a particular Alteration (other than with respect to any of Landlord's Initial Alterations Work), provided that Landlord shall have the right to condition its approval of items shown on such incomplete plans and specifications pending its review and approval of one hundred percent (100%) complete plans and specifications for such Alteration. Landlord shall execute any applications for any permits, approvals or certificates required to be obtained by Tenant in connection with any permitted Alteration (provided that the applicable Requirement requires Landlord to execute such application) within seven (7) Business Days after Tenant's request from time to time and shall otherwise cooperate reasonably with Tenant in connection therewith. Landlord agrees to so execute any such applications promptly after Tenant's submittal of plans and specifications even if the subject Alteration has not yet been approved by Landlord provided that Landlord's execution of any such application shall not in any way be deemed to mean that Landlord has consented thereto. Nothing contained herein shall obviate Tenant's obligation to obtain Landlord's approval to an Alteration as otherwise required in this Article 6. Tenant shall reimburse Landlord for any out-of-pocket costs, including, without limitation, reasonable attorneys' fees and disbursements, that Landlord incurs in so executing such applications and cooperating with Tenant, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor from time to time.

(C) (1) Except as otherwise provided Construction Rules and Regulations, Tenant shall be permitted to perform Alterations during Operating Hours, provided that such work does not, in Landlord's reasonable determination, generate excessive noise or vibration or otherwise interfere with or interrupt the operation and maintenance of the Building or interfere with or interrupt the use and occupancy of the Building by other tenants in the Building. Otherwise, Alterations shall be performed at Tenant's expense and at such times and in such manner as Landlord may from time to time reasonably designate.

(2) All Alterations (including Landlord's Initial Alterations Work) shall become a part of the Building and shall be Landlord's property from and after the installation thereof and, except as otherwise provided in this Lease, may not be removed or changed without Landlord's consent. Notwithstanding any provision to the contrary contained in this Lease, however, Tenant, at Tenant's expense, prior to the Fixed Expiration Date, or, in the case of an earlier termination of this Lease, within thirty (30) days after such termination, shall remove all (i) Specialty Alterations, including those included as part of Landlord's Initial Alterations Work and (ii) subject to Section 6.1(C)(3), such other items installed by or on behalf of Tenant after the date of this Lease which are unusually difficult and/or expensive to remove as determined by Landlord in its reasonable discretion (the items described in this clause (ii) are referred to herein as "Additional Specialty Alterations"); provided, however, that (x) Tenant may elect, by written notice delivered to Landlord no later than six (6) months prior to the Expiration Date (the parties hereby agreeing that TIME SHALL BE OF THE ESSENCE with respect to such date and that Tenant shall have no right whatsoever to make the election provided for in this Section 6.1(C)(2)(x) if such notice is not delivered to Landlord on or prior to such date), not to remove one or more Specialty Alterations and/or Additional Specialty Alterations before the Expiration Date, in which event (I) Landlord shall submit to Tenant a budget (the "Removal Budget") for the costs of removal of such Specialty Alterations and/or Additional Specialty Alterations (such Removal Budget to include the costs of repairing and restoring any damage to the Building or the Premises caused thereby, together with a fee equal to five (5%) percent of all such costs) (collectively, the "Removal Costs"), (II) Tenant shall pay to Landlord, on or before the date which is ninety (90) days prior to the Expiration Date, an amount equal to one hundred percent (100%) of the Removal Budget, (III) in the event the Removal Costs incurred by Landlord exceed the Removal Budget, Tenant shall pay to Landlord the amount of such excess Removal Costs within thirty (30) days after Landlord submits to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein and (IV) in the event the Removal Costs incurred by Landlord are less than ninety percent (90%) of the Removal Budget, Landlord shall refund to Tenant, on or before the first anniversary of the Expiration Date, the amount by which the Removal Budget exceeds the Removal Costs incurred by Landlord and (y) if Landlord notifies Tenant in writing prior to the Expiration Date that Landlord desires all or any of such Specialty Alterations and/or Additional Specialty Alterations to remain in the Premises, then any such items designated in such notice shall remain in the Premises and shall not be removed by or on behalf of Tenant. In making its election pursuant to clause (x) above, Tenant shall be reasonable in its determination of which Specialty Alterations and/or Additional Specialty Alterations to not remove, taking into account matters of cost and time efficiency of the work required with respect to both Landlord and Tenant in connection with the removal of all Specialty Alterations and/or Additional Specialty Alterations (by way of example, for illustrative purposes only, Tenant electing not to remove a staircase, but electing to fill in the staircase upon its removal by Landlord, would be unreasonable). Upon any removal of any Alterations by Tenant, Tenant shall repair and restore in a good and workerlike manner to Building standard condition (reasonable wear and tear excepted) any damage to the Premises or the Building caused by such removal. The provisions of this Section 6.1(C)(2) shall survive the Expiration Date, except that, notwithstanding the foregoing, Tenant shall not be obligated to reimburse Landlord for the costs of removing any Specialty Alterations and/or Additional Specialty Alterations that Landlord did not remove or commence removing on or before the first anniversary of the Expiration Date. In no event shall the failure to remove any Specialty

Alterations and/or Additional Specialty Alterations from the Premises after Tenant has otherwise vacated possession thereof be deemed to constitute a holdover. Any dispute as to whether Landlord's determination of an Additional Specialty Alteration is reasonable or whether Tenant's determination as to which Specialty Alterations or Additional Specialty Alterations it wants Landlord to remove and which Tenant will remove is reasonable shall be resolved by expedited arbitration in accordance with Article 43 of this Lease.

(3) At the time of giving its consent thereto or in the case of Minor Alterations, if so requested by a Tenant's Additional Specialty Alterations Notice, Landlord shall notify Tenant of such items of Alterations (including Landlord's Initial Alterations Work) that constitute Additional Specialty Alterations which, subject to the terms of Section 6.1(C)(2) of this Lease, Tenant shall be required to remove from the Premises upon the expiration or earlier termination of this Lease. The term "Tenant's Additional Specialty Alterations Notice" shall mean a notice accompanying the submission of Tenant's plans and specifications for Landlord's approval of proposed Alterations (or in the case of Minor Alterations, to give notice of same to Landlord) stating in eighteen-point bold capital letters the following: "**THIS NOTICE IS BEING GIVEN PURSUANT TO SECTION 6.1(C)(3) OF THE LEASE. PURSUANT TO SUCH SECTION, LANDLORD IS REQUIRED TO NOTIFY TENANT OF THOSE ITEMS (IF ANY) OF THE PROPOSED ALTERATIONS THAT CONSTITUTE ADDITIONAL SPECIALTY ALTERATIONS THAT TENANT SHALL BE REQUIRED TO REMOVE FROM THE PREMISES UPON THE EXPIRATION OR EARLIER TERMINATION OF THE LEASE.**" In the event that Landlord fails to respond to Tenant's Additional Specialty Alterations Notice at the time of giving consent to such proposed Alteration, Landlord shall be deemed to have determined that such proposed Alteration does not constitute an Additional Specialty Alteration.

(4) All Tenant's Property shall remain the property of Tenant and, during the Term, may be removed from the Premises by Tenant at Tenant's option, provided, however, that Tenant shall repair and restore in a good and workerlike manner to Building standard condition (reasonable wear and tear excepted) any damage to the Premises or the Building caused by such removal.

(5) The provisions of this Section 6.1(C) shall survive the expiration or earlier termination of this Lease.

(D) (1) All Alterations shall be designed and performed, at Tenant's sole cost and expense, by consultants, contractors and subcontractors selected by Tenant and approved by Landlord (which approval shall not be unreasonably withheld) and under the supervision of a construction or project manager approved by Landlord (which approval shall not be unreasonably withheld).

(2) Notwithstanding the foregoing, with respect to any structural Alterations and/or Alterations affecting the sprinklers or the Class E System of the Building, (i) the final connection to the base Building System shall be as provided in Section 6.1(D)(3) below, and (ii) the Alteration shall, at Tenant's reasonable expense, be designed by either Landlord's or the Manager's engineer. In addition, Tenant shall employ Landlord's or the Manager's designated expediter with respect to any filings with, or other submissions to, applicable Government Authorities in connection with any of Tenant's Alterations. As of the date of this Lease (but subject to future change by Landlord in its sole discretion), Landlord's designated expediter is Milrose Consultants, Inc.

(3) Tenant shall be responsible for the installation and maintenance of all fire alarm devices within the Premises. Final connection to the base Building System for life safety shall be performed by Landlord's fire alarm vendor, and Tenant shall pay the cost thereof to the extent commercially reasonable. Landlord's fire alarm vendor must be contracted directly by Tenant or Tenant's general contractor for the performance of such work. At no time shall Landlord's fire alarm vendor be subcontracted by Tenant's electrician. All installations of fire alarm devices must be approved by the New York City Department of Buildings (the "Building Department") and the New York City Fire Department ("FDNY"). Any so-called "Letters of Defect" issued by the Building Department or FDNY must be promptly and diligently corrected, and so-called "Letters of Approval and Completion" must be obtained by Tenant within forty-five (45) days after Tenant's fire alarm devices shall have been installed and connected to the base Building System for life safety.

(4) All sprinklers, including without limitation, any branch piping, sprinkler heads and pre-action panels to be installed in the Premises, must be installed in compliance with all Requirements (including without limitation, the NYC Code), at Tenant's cost and expense (other than items to be installed as part of Landlord's Base Building Work). Prior to FDNY inspection, Tenant shall cause all new sprinkler installations to be hydrostatically tested (it being agreed that arrangements for such testing must be upon notice to and coordinated with Landlord).

(E) (1) Any mechanic's lien filed against the Premises or the Real Property for work claimed to have been done for, or materials claimed to have been furnished to, Tenant, other than Landlord's Work, shall be cancelled or discharged by Tenant, by payment or filing of the bond required by law, within thirty (30) days after Tenant shall have received notice of such lien, and Tenant shall indemnify and hold Landlord harmless from and against any and all costs, expenses, claims, losses or damages resulting therefrom by reason thereof.

(2) If Tenant shall fail to discharge such mechanic's lien within the aforesaid period, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit in court or bonding, and in any such event, Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such mechanic's lien by the lienor and to pay the amount of the judgment, if any, in favor of the lienor, with interest, costs and allowances.

(3) Any amount paid by Landlord for any of the aforesaid charges and for all reasonable expenses of Landlord (including, but not limited to, attorneys' fees and disbursements) incurred in defending any such action, discharging said lien or in procuring the discharge of said lien, with interest on all such amounts at the Applicable Rate, shall be repaid by Tenant within thirty (30) days after written demand therefor, and all amounts so repayable, together with such interest, shall be considered Additional Rent.

(F) Tenant acknowledges that Landlord will seek to obtain a LEED Gold certificate for the core and shell of the Building, and Tenant shall reasonably cooperate with Landlord, at Landlord's cost, to obtain certification of compliance with ASHRAE Standard 90.1-2010 with respect to the interior Alterations, equipment and trade fixtures, including mechanical, electrical, plumbing and fire protection design, in the Premises. Without limiting the foregoing provision, Landlord requests that Tenant comply with the following, it being acknowledged that such compliance shall be in Tenant's sole discretion: (i) that Tenant provide air measuring station/airflow monitor at all air handling units introducing outside air, with accuracy of 5% over the design outside air flow rate, and alarming the Building personnel through the base Building management system if it falls below the design minimum air flow set point by 10% or more, (ii) that all Alterations made by Tenant shall meet all applicable energy savings and/or energy efficient building code requirements and that if there is a conflict between the building code requirements and those set forth in this Lease, the requirements calling for higher energy savings and efficiency apply, (ii) that Tenant install in the Premises Energy Star rated appliances, including dishwashers, refrigerators, vending machines and water coolers, and Energy Star rated office equipment, including computers, monitors, printers, faxes and scanners, (iv) that Tenant ensure that any lighting installed by Tenant in the Premises complies with ASHRAE Standard 90.1-2004 by either the space by space or building area method, including the following: (a) Tenant use compact fluorescents or light emitting diodes in place of incandescent and halogen bulbs for accent lighting and down lighting. Alternative lighting with energy efficiencies equal to or greater than compact fluorescents may also be used and (b) that high efficiency electronic ballasts be considered for fluorescent tubes and that fluorescents tube fixtures and down lighting fixtures shall also have interior reflective surfaces where possible, (v) that Tenant install timers, dimmers or programmable lighting controls throughout the Premises, as follows: (a) such that all lighting installed by or on behalf of Tenant is controlled by occupancy or motion sensors arranged to control open plan office areas of 1,000 square feet or less and within all individual offices, conference rooms and general use rooms and (b) such that in connection with lighting installed by or on behalf of Tenant, Tenant provide capacity to adjust light levels in all areas where natural light is available and that in addition to occupancy or motion sensors, the zone extending from all glazed perimeter walls is additionally controlled by light level sensors coordinated with the occupancy or motion sensors and connected to dimmers adjusted to maintain appropriate office lighting levels at desk surface levels, and (vi) that to the extent feasible, Tenant locate refrigeration and other heat-generating equipment where such equipment can be adequately ventilated, and also shall locate refrigerators in an area of the Premises that is not within direct sunlight or near another heat source.

Section 6.2. Tenant shall reimburse Landlord, within thirty (30) days after demand therefor, for any reasonable third party out-of-pocket expense incurred by Landlord for (x) reviewing the plans and specifications for any Alterations (and, for the avoidance of doubt, including Landlord's Initial Alterations Work), or (y) inspecting the progress of completion of any Alterations (but excluding Landlord's Initial Alterations Work). Landlord shall not be entitled to any other supervisory or similar fee with respect to any Alterations (and, for the avoidance of doubt, Landlord's Work).

Section 6.3. Landlord, at Tenant's expense, and upon the request of Tenant, shall join in any applications for any permits, approvals or certificates required to be obtained by Tenant in connection with any permitted Alteration (provided that the provisions of the applicable Laws

shall require that Landlord join in such application), including, without limitation, but subject to Section 17.1, any change in use and any Public Assembly permit required by Tenant and shall otherwise cooperate with Tenant in connection therewith, provided that Landlord shall not be obligated to incur any cost or expense or liability in connection therewith.

Section 6.4. Tenant shall furnish to Landlord copies of records of all Alterations and of the cost thereof within thirty (30) days after the completion of such Alterations.

Section 6.5. Landlord hereby notifies Tenant that Landlord has or intends to avail itself of certain abatements of Taxes under the Industrial and Commercial Abatement Program ("ICAP") in connection with the renovation of the Building. Tenant agrees, at Landlord's cost and expense with respect to actual and reasonable third-party costs and expenses incurred by Tenant in connection herewith (including, without limitation, an ICAP consultant retained by Tenant), to comply with all laws, rules, executive orders, and requirements of New York City government departments relating to ICAP within the time limits prescribed by law or rule, including, but not limited to, the filing requirements of the Department of Finance ("DOF") and the Department of Small Business Services ("DSBS") as they may be modified from time to time ("ICAP Requirements"), provided Landlord shall explicitly advise Tenant of its obligation in sufficient detail and with sufficient notice for Tenant to comply; and Tenant shall reasonably cooperate with Landlord with respect to Landlord's application for ICAP benefits and compliance with the ICAP Requirements. The requirement to so cooperate shall survive the term of this Lease. Tenant acknowledges that timely compliance with the ICAP Requirements may require actions or the delivery of information prior to the issuance of any building permit, solicitation of bids for construction work or commencement of construction of Alterations, and provided that Tenant is in compliance with the provisions of this Section 6.5, Landlord shall timely comply with the ICAP Requirements to the extent such requirements have a negative impact on Tenant's ability to obtain a building permit or Tenant is prevented from performing Tenant's Work (and actually does not perform the same). Where compliance with the ICAP Requirements involves submission of a document to Landlord for transmission to DOF and the collection of data of any reasonable sort, Tenant shall provide such documentation and data within a reasonable period of time after such request by Landlord, provided, however, that Landlord shall advise Tenant, in its written request, of the dates needed for submission and compliance and, provided further, that Tenant has a reasonable period of time to produce such materials. Notwithstanding anything to the contrary contained herein, Tenant shall use reasonable efforts to provide such document not less than thirty (30) days prior to the date that submission to DOF is required or if sooner requested by Landlord, within thirty (30) days after such request. Tenant shall cause all of its construction managers, contractors and subcontractors employed in connection with Alterations to be contractually required by Tenant to comply with all ICAP Requirements, including requirements relating to solicitation of bids from Minority and Women Owned Enterprises ("M/WBE") and shall enforce such contractual obligation as necessary to assure timely compliance. Such requirements may include, but are not limited to the submission and approval of Construction Employment Reports to DSBS, attendance at a pre-construction conference with representatives of DSBS, notifying DSBS of subcontracting opportunities in connection with Tenant's Alterations, solicitation of three M/WBE firms for each subcontracting opportunity, maintenance of records of such solicitations, the responses thereto and action taken on bids received, timely response to requests for information from DSBS, and certification of compliance with the M/WBE requirements. To the extent required by

the ICAP Requirements, and without limiting the generality of the agreement to comply with the ICAP Requirements, Tenant may be required to (1) permit inspection of the Premises by DOF employees or agents upon reasonable notice; (2) provide and update a list of all construction contracts and subcontracts signed in connection with any Alterations, identifying the trade, the name and address of the contractor or subcontractor and the amount of the contract, including any change orders; (3) direct its architect or engineer to prepare a narrative description of the project and a construction budget and to prepare revised project descriptions and budgets if there are material changes in the scope of any Alterations, (4) within thirty (30) days of substantial completion of the Alterations, obtain a certification by its architect or engineer that the project so described has been substantially completed; and (5) to permit an audit of the actual costs of construction by a certified public accountant. Tenant shall retain all records relating to Alterations and the construction costs, and respond within a reasonable period of time to requests for information from Landlord which may have been received from DOF. At Landlord's written request, at least thirty (30) days prior to the date prescribed by law or rule (currently January 5 in every other calendar year), Tenant shall provide Landlord with a Certificate of Continuing Use, provided Landlord shall provide Tenant with a sample of such form, and provided further that Tenant shall have a reasonable period of time to produce the same after such written request. At the request of Landlord, Tenant shall also provide Landlord with the number of employees working in the Premises and the number who are residents of New York City.

Section 6.6. Tenant shall not, at any time prior to or during the Term, directly or indirectly employ, or permit the employment of, any contractor, mechanic or laborer in the Premises, whether in connection with any Alteration or otherwise, if such employment would interfere or cause any conflict with other contractors, mechanics or laborers engaged in the construction, maintenance or operation of the Building by Landlord, Tenant or others. In the event of any such interference or conflict, Tenant, upon demand of Landlord, shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building immediately.

Section 6.7. Subject to Landlord's approval of the plans and specifications therefor in accordance with the terms of this Lease (including the precise location of the same) and all Requirements, Tenant shall have the right to install, as an Alteration, a product display area within the Premises for the sole use of its employees and business invitees in the ordinary course of Tenant's business and in accordance with the terms of this Lease (including, without limitation, Article 5 hereof).

Section 6.8. Subject to all Requirements, Tenant shall have the right to make reasonable Decorative Alterations to the Convenience Stairs (such as painting, lighting and handrails), provided that in no event shall Tenant be permitted to paint over or cover up reflective glow tape in the Convenience Stairs, if any.

Section 6.9. In connection with any use of the Convenience Stairs, subject to Landlord's approval of the plans and specifications therefor in accordance with the terms of this Lease (including the precise location of the same) and all Requirements, and subject to applicable re-entry rules and regulations from time to time in effect, Tenant, at Tenant's sole cost and expense shall have the right to install as an Alteration and regularly maintain a security and control system with key-card access at the core doors between the Convenience Stairs and the

Premises, provided that (x) Tenant, at Tenant's sole cost and expense, shall connect such security and control system to the Building Class E System and (y) Tenant shall provide Landlord with at least three (3) key cards to any such security system and update such key cards, at no cost or expense to Landlord, from time to time, if such update is necessary in order to permit such key cards to be operable. If Tenant installs any manual lock(s) between the Convenience Stairs and the Premises, such manual lock(s) shall have a base building lockset which is keyed to the Building's stair masterkey and sub-mastered to Tenant's key, or, at Tenant's request, keyed alike.

ARTICLE 7

REPAIRS; FLOOR LOAD

Section 7.1. (A) Tenant, at Tenant's sole cost and expense, shall take good care of the Premises and the fixtures, equipment and appurtenances therein (including, without limitation, any supplemental air-conditioning equipment serving the Premises) and make all repairs thereto as and when needed to preserve them in good working order and condition, except for (a) reasonable wear and tear, (b) obsolescence and (c) damage for which Tenant is not responsible pursuant to the provisions of Article 13 or any other applicable provision of this Lease, including, without limitation, Landlord's responsibilities with respect to Hazardous Materials and latent defects in Landlord's Work. Except as otherwise provided in this Section 7.1, Tenant shall not be obligated to repair any Building Systems or make any structural repairs or changes, except that Tenant shall maintain the fire and life safety system and its components ("Class E System") within the Premises by entering into a maintenance contract with the Building's Class E System contractor (provided that Tenant shall be responsible for paying the cost thereof only to the extent such contract is competitively priced). The design and decoration of the elevator areas of each floor of the Premises and the public corridors of any floor of the Premises occupied by more than one (1) occupant shall be under the sole control of Landlord. Notwithstanding any provision contained in this Lease to the contrary, all damage or injury to the Premises, and all damage or injury to any other part of the Building (including the Terrace), or to its fixtures, equipment and appurtenances (including the Building Systems), whether requiring structural or non-structural repairs, caused by the moving of Tenant's Property or caused by or resulting from any act or omission of, or Alterations made by, Tenant or Persons Within Tenant's Control, shall be repaired by Tenant, at Tenant's sole cost and expense, to the reasonable satisfaction of Landlord (if the required repairs are non-structural in nature and do not affect any Building Systems), or by Landlord at Tenant's sole cost and expense (if the required repairs are structural in nature or affect any Building Systems). All of the aforesaid repairs shall be performed in a manner and with materials and design of first class and quality consistent with first-class office buildings in the vicinity of the Building and shall be made in accordance with the provisions of Article 6. If Tenant shall fail, after five (5) Business Days' notice (or such shorter period as may be required because of an emergency), to proceed with due diligence to make repairs required to be made by Tenant, the same may be made by Landlord, at the expense of Tenant, and the expenses thereof incurred by Landlord, with interest thereon at the Applicable Rate, shall be paid to Landlord, as Additional Rent, within thirty (30) days after rendition of a bill or statement therefor. Tenant shall give Landlord prompt notice of any defective condition in any Building Systems located in, servicing or passing through the Premises.

(B) In addition to the requirements set forth in Section 7.1(A), Tenant shall perform such maintenance and testing of Tenant's (x) fire alarm devices and (y) sprinkler devices as shall be required pursuant to all applicable Requirements (including, without limitation, the NYC Fire Code). Scheduling of such maintenance and testing must be performed upon notice to and coordination with Landlord. If Tenant shall fail to so maintain its fire alarm devices and the same shall result in unnecessary or unwarranted activation of Tenant's fire alarm devices and/or any fines or other charges, Tenant shall pay any such fines or other charges imposed on Landlord or the Building in connection therewith upon demand, as Additional Rent. If Tenant shall fail to so maintain its sprinkler devices and the same shall result in any fines or other charges imposed on Landlord or the Building in connection therewith, Tenant shall pay the same upon demand, as Additional Rent.

Section 7.2. Tenant shall not place a load upon any floor of the Premises which exceeds the per square foot "live load" that such floor was designed to carry. Tenant shall not locate or move any safe, heavy machinery, heavy equipment, business machines, freight, bulky matter or fixtures into or out of the Building without Landlord's prior consent, which consent shall not be unreasonably withheld, and Tenant shall make payment to Landlord of Landlord's costs in connection therewith (if such move is not part of an Alteration). If such safe, machinery, equipment, freight, bulky matter or fixture requires special handling (as reasonably determined by Landlord), Tenant shall employ only persons holding a Master Rigger's license to do said work. All work in connection therewith shall comply with the Requirements, and shall be done during such hours as Landlord may reasonably designate. Business machines and mechanical equipment shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient, in Landlord's reasonable judgment, to absorb and prevent vibration, noise and annoyance.

Section 7.3.

(A) Landlord shall operate, maintain and make all necessary repairs (both structural and non-structural) to the Building Systems and the common areas and other public portions of the Building, both exterior and interior, in conformance with standards applicable to non-institutional, first class office buildings in the vicinity of the Building, except for those repairs for which Tenant is responsible pursuant to any other provision of this Lease. Landlord shall have no obligation to provide any service to the Terrace or to clean the same or to remove snow or ice from the Terrace. Notwithstanding the foregoing, if Landlord determines that snow or ice shall be removed from the Terrace for safety reasons or to protect the structural integrity of the Terrace or the roof, Tenant shall afford Landlord access to the Terrace for such removal. Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises in making any repairs, alterations, additions or improvements; provided, however, that Landlord shall have no obligation to employ contractors or labor at so-called overtime or other premium pay rates or to incur any other overtime costs in connection with such repairs, alterations, additions or improvements. Notwithstanding the foregoing, if Landlord's repair (or the condition that Landlord is required to repair) (i) denies Tenant from having reasonable access to the Premises, (ii) would endanger the health or safety of any occupant of the Premises, or (iii) materially interferes with Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours, Landlord shall employ contractors or labor at so-called overtime or other premium pay rates or incur other overtime costs in making such repairs, alterations, additions or improvements at Landlord's cost, or in the

case of other repairs if Tenant shall so request, provided Tenant shall pay to Landlord, as Additional Rent, within thirty (30) days after demand therefor, an amount equal to the excess costs incurred by Landlord by reason of compliance with Tenant's request. Except as expressly provided in this Lease, there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant or others making, or failing to make, any repairs, alterations, additions or improvements in or to any portion of the Building or the Premises, or its fixtures, appurtenances or equipment.

(B) Subject to the terms of this Section 7.3 and except if in connection with or resulting from a Tenant Delay, an Unavoidable Delay, a fire or other casualty, condemnation or any event referred to in the penultimate sentence of this Section 7.3(B), if by reason of (i) Landlord's failure to provide the services required to be provided by Landlord pursuant to the terms of this Lease, (ii) Landlord's failure to perform Landlord's covenants hereunder to repair and maintain the Building or (iii) Landlord's performance of repairs, alterations or improvements in the Building, Tenant shall be unable to operate Tenant's business in the Premises (or a portion thereof) in substantially the same manner that Tenant conducted its business prior to such event (and provided that Tenant is not occupying the Premises or such applicable portion thereof) for at least five (5) consecutive Business Days following the receipt by Landlord of written notice from Tenant of Tenant's inability to so operate due to such event, the Fixed Rent and the Escalation Rent thereafter coming due hereunder shall be abated as to the portions of the Premises that are unusable, determined on a per square foot basis, through the date that the applicable portion of the Premises becomes usable. If more than fifty percent (50%) of a floor of the Premises is so unusable for at least five (5) consecutive Business Days following the receipt by Landlord of written notice from Tenant of Tenant's inability to so operate by reason of the event described in this Section 7.3(B) and Tenant is not using such floor for the ordinary conduct of business, the entire floor shall be deemed unusable and the Fixed Rent and Escalation Rent shall abate on the entire floor. If (x) Tenant is entitled to a credit against Rental pursuant to this Section 7.3(B), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date). Nothing contained in this Section 7.3(B) shall be deemed to grant Tenant any rent abatement for an interruption in or stoppage of any service or in electricity to the Premises arising by reason of any cause emanating from outside the Building (including a failure by the electric service provider to supply electricity to the Building, other than as a result of a failure by Landlord timely to pay bills rendered to Landlord by the electric service provider or other negligence or willful misconduct of Landlord). For the avoidance of doubt, this Section 7.3(B) shall not apply with respect to the Terrace (and Tenant shall not be entitled to any rent abatement with respect thereto).

ARTICLE 8

WINDOW CLEANING

Section 8.1. Tenant shall not clean, nor require, permit, suffer or allow any window in the Premises to be cleaned, from the outside in violation of Section 202 of the Labor Law, or any other applicable law, or of the rules of the Board of Standards and Appeals, or of any other board or body having or asserting jurisdiction.

ARTICLE 9

REQUIREMENTS OF LAW

Section 9.1. Tenant shall not do, and shall not permit Persons Within Tenant's Control to do, any act or thing in or upon the Premises or the Building which will invalidate or be in conflict with the certificate of occupancy for the Premises or the Building or violate any Requirements. Tenant shall, at Tenant's sole cost and expense, take all action, including making any required Alterations necessary to comply with all Requirements (including, but not limited to, applicable terms of Local Laws No. 5 of 1973, No. 16 of 1984, No. 76 of 1985, No. 58 of 1987 and the Americans With Disabilities Act of 1990 (the "ADA"), each as modified and supplemented from time to time) which shall impose any violation, order or duty upon Landlord or Tenant arising from, or in connection with, the Premises, Tenant's occupancy, use or manner of use of the Premises (including, without limitation, any occupancy, use or manner of use that constitutes a "place of public accommodation" under the ADA), or any installations in the Premises, or required by reason of a breach of any of Tenant's covenants or agreements under this Lease, whether or not such Requirements shall now be in effect or hereafter enacted or issued, and whether or not any work required shall be ordinary or extraordinary or foreseen or unforeseen at the date hereof. Notwithstanding the preceding sentence, Tenant shall not be obligated to perform any Alterations necessary to comply with any Requirements, unless compliance shall be required by reason of (i) any cause or condition arising out of any Alterations or installations in the Premises (whether made by Tenant or by Landlord on behalf of Tenant) other than Landlord's Work, or (ii) Tenant's particular use, manner of use or occupancy on behalf of Tenant of the Premises (as opposed to mere office use), or (iii) any breach of any of Tenant's covenants or agreements under this Lease, or (iv) any wrongful act or omission by Tenant or Persons Within Tenant's Control, or (v) Tenant's use or manner of use or occupancy of the Premises as a "place of public accommodation " within the meaning of the ADA, in which event Tenant's obligation to perform any Alteration by reason of this clause (v) shall apply only to the Premises. Notwithstanding the foregoing or any other provision of this Lease to the contrary, Tenant shall comply with all Laws enacted after the Commencement Date with respect to all restrooms located in the Premises (whether or not any such restroom is existing as of the date of this Lease and whether or not Tenant has retrofitted or altered the same) and with respect to all elevator lobbies serving any full floor of the Premises (whether or not Tenant has retrofitted or altered any such elevator lobby); such compliance shall include the making of any Alterations that may be required by any such Laws. Landlord shall comply with all Laws with respect to all restrooms located in the Premises (whether or not any such restroom is existing as of the date of this Lease and whether or not Landlord has retrofitted or altered the same) and with respect to all elevator lobbies serving any full floor of the Premises (whether or not Landlord has retrofitted or altered any such elevator lobby) in connection with Landlord's Work.

Section 9.2. Tenant covenants and agrees that Tenant shall, at Tenant's sole cost and expense, comply at all times with all Requirements governing the use, generation, storage, treatment and/or disposal of any Hazardous Materials (as defined below), the presence of which results from or in connection with the act or omission of Tenant or Persons Within Tenant's

Control or the breach of this Lease by Tenant or Persons Within Tenant's Control. The term "Hazardous Materials" shall mean any biologically or chemically active or other toxic or hazardous wastes, pollutants or substances, including, without limitation, asbestos, PCBs, petroleum products and by-products, substances defined or listed as "hazardous substances" or "toxic substances" or similarly identified in or pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., and as hazardous wastes under the Resource Conservation and Recovery Act, 42 U.S.C. § 6010, et seq., any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. § 2601, et seq., any "toxic pollutant" under the Clean Water Act, 33 U.S.C. § 466 et seq., as amended, any hazardous air pollutant under the Clean Air Act, 42 U.S.C. § 7401 et seq., hazardous materials identified in or pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, et seq., and any hazardous or toxic substances or pollutant regulated under any other Requirements. Tenant shall agree to execute, from time to time, at Landlord's request, affidavits, representations and the like concerning Tenant's best knowledge and belief regarding the presence of Hazardous Materials in, on, under or about the Premises, the Building or the Land. Tenant shall indemnify and hold harmless all Indemnitees from and against any loss, cost, damage, liability or expense (including attorneys' fees and disbursements) arising by reason of any clean up, removal, remediation, detoxification action or any other activity required or recommended of any Indemnitees by any Government Authority by reason of the presence in or about the Building or the Premises of any Hazardous Materials, as a result of or in connection with the act or omission of Tenant or Persons Within Tenant's Control or the breach of this Lease by Tenant or Persons Within Tenant's Control. The foregoing covenants and indemnity shall survive the expiration or any termination of this Lease.

Section 9.3. If Tenant shall receive notice of any violation of, or defaults under, any Requirements, liens or other encumbrances applicable to the Building or the Premises, Tenant shall give prompt notice thereof to Landlord.

Section 9.4. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business and if the failure to secure such license or permit would, in any way, affect Landlord or the Building, then Tenant, at Tenant's expense, shall promptly procure and thereafter maintain, submit for inspection by Landlord, and at all times comply with the terms and conditions of, each such license or permit.

Section 9.5. Tenant, at Tenant's sole cost and expense and after notice to Landlord, may contest, by appropriate proceedings prosecuted diligently and in good faith, the legality or applicability of any Requirement affecting the Premises provided that: (a) neither Landlord nor any Indemnitees shall be subject to criminal penalties, nor shall the Real Property or any part thereof be subject to being condemned or vacated, nor shall the certificate of occupancy for the Premises or the Building be suspended or threatened to be suspended, by reason of non-compliance or by reason of such contest; (b) before the commencement of such contest, if Landlord or any Indemnitees may be subject to any civil fines or penalties or if Landlord may be liable to any independent third party as a result of such non-compliance, then Tenant shall furnish to Landlord either (i) a bond of a surety company satisfactory to Landlord, in form and substance reasonably satisfactory to Landlord, and in an amount at least equal to Landlord's estimate of the sum of (A) the cost of such compliance, (B) the penalties or fines that may accrue by reason of such non-compliance (as reasonably estimated by Landlord) and (C) the amount of

such liability to independent third parties, and shall indemnify Landlord (and any Indemnitees) against the cost of such compliance and liability resulting from or incurred in connection with such contest or non-compliance; or (ii) other security satisfactory in all respects to Landlord; (c) such non-compliance or contest shall not constitute or result in a violation (either with the giving of notice or the passage of time or both) of the terms of any Mortgage or Superior Lease, or if such Superior Lease or Mortgage conditions such non-compliance or contest upon the taking of action or furnishing of security by Landlord, such action shall be taken or such security shall be furnished at the expense of Tenant; and (d) Tenant shall keep Landlord regularly advised as to the status of such proceedings.

Section 9.6. Tenant acknowledges that prior to the date of this Lease, Landlord has delivered to Tenant a true and correct Form ACP-5 certificate and a true and correct Form ACP-21 certificate with respect to the Premises.

Section 9.7. If during the Term, asbestos or asbestos containing materials (collectively, "ACM") or Currently Hazardous Materials are discovered in the Premises in violation of any Laws, and such ACM or Currently Hazardous Materials were not introduced to the Premises by or on behalf of Tenant or Persons Within Tenant's Control, Landlord shall promptly, at its own cost, remove, abate, encapsulate, or otherwise remediate any such ACM or Currently Hazardous Materials in compliance with all applicable Laws. The term "Currently Hazardous Materials" means any materials defined and characterized as of the date of this Lease as Hazardous Materials and which are required, pursuant to Requirements in effect on the date of this Lease, to be remediated.

ARTICLE 10

SUBORDINATION

Section 10.1. This Lease shall be subject and subordinate to each Superior Lease and to each Mortgage, whether made prior to or after the execution of this Lease, and to all renewals, extensions, supplements, amendments, modifications, consolidations and replacements thereof or thereto, substitutions therefor, and advances made thereunder. This clause shall be self-operative and no further agreement of subordination shall be required to make the interest of any Lessor superior to the interest of Tenant hereunder. In confirmation of such subordination, however, Tenant shall promptly execute and deliver, at its own cost and expense, any document, in recordable form if requested, that Landlord or any Lessor may request to evidence such subordination; and if Tenant fails to execute, acknowledge or deliver any such document within five (5) days after request therefor, Tenant hereby irrevocably constitutes and appoints Landlord as Tenant's attorney-in-fact, coupled with an interest, to execute, acknowledge and deliver any such document for and on behalf of Tenant. The foregoing subordination with respect to any Mortgage placed on the Real Property following the date of this Lease is conditioned upon any such Mortgagee executing such Mortgagee's standard form of subordination and non-disturbance agreement (so long as such form is commercially reasonable), or, in the event such form is not commercially reasonable, a commercially reasonable subordination and non-disturbance agreement. Landlord and Tenant agree that the form of subordination and non-disturbance agreement annexed hereto as Schedule K is a commercially reasonable form. Upon written request from Landlord, Tenant shall execute such commercially reasonable subordination and

non-disturbance agreement in favor of any Mortgagee within ten (10) Business Days following Landlord's written request, which request shall enclose the commercially reasonable subordination and non-disturbance agreement; and Tenant hereby agrees that if Tenant fails to execute, acknowledge or deliver any such document within such ten (10) Business Day period, this Lease shall, upon the expiration such ten (10) Business Day period, be automatically subject and subordinate to the Mortgage with respect to which the request for Tenant's execution of a subordination and non-disturbance agreement has been made, and in such case this clause shall be self-operative and no further agreement of subordination shall be required to make the interest of such Mortgagee superior to the interest of Tenant hereunder. Tenant shall not do anything that would constitute a default under any Superior Lease or Mortgage, or omit to do anything that Tenant is obligated to do under the terms of this Lease so as to cause Landlord to be in default thereunder. If, in connection with the financing of the Real Property, the Building or the interest of the lessee under any Superior Lease, or if, in connection with the entering into of a Superior Lease, any lending institution or Lessor, as the case may be, requests reasonable modifications of this Lease that do not increase rent or change the Term of this Lease, or materially and adversely affect the rights or obligations of Tenant under this Lease, Tenant shall make such modifications.

Section 10.2. If, at any time prior to the expiration of the Term, any Superior Lease shall terminate or shall be terminated for any reason, or any Mortgagee comes into possession of the Real Property or the Building or the estate created by any Superior Lease by receiver or otherwise, Tenant shall attorn, from time to time, to any such owner, Lessor or Mortgagee or any person acquiring the interest of Landlord as a result of any such termination, or as a result of a foreclosure of the Mortgage or the granting of a deed in lieu of foreclosure. In the event that a subordination and non-disturbance agreement is not entered into between Tenant and such owner, Lessor, Mortgagee or person acquiring the interest of Landlord, then such attornment shall be upon the then executory terms and conditions of this Lease (except as provided below), for the remainder of the Term, provided that such owner, Lessor or Mortgagee, as the case may be, or receiver caused to be appointed by any of the foregoing, is then entitled to possession of the Premises, and any such attornment shall be made upon the condition that no such owner, Lessor or Mortgagee shall be:

(1) liable in any way for any act, omission, neglect or default of any prior landlord (including, without limitation, the then defaulting landlord), except to the extent that (x) such act or omission continues after the date that the successor succeeds to Landlord's interest in the Real Property or the Building, and (y) such act or omission of such prior landlord is of a nature that the successor can cure by performing a service or making a repair or is otherwise required to be made pursuant to this Lease; or

(2) subject to any claim, defense, abatement, counterclaim or offsets which Tenant may have against any prior landlord (including, without limitation, the then defaulting landlord), provided that the foregoing shall not be construed to prevent Tenant from obtaining the cure of a default or breach of this Lease occurring prior to the date the successor succeeds to the interest of Landlord which continues after such succession and is of a nature that it may be cured by performing a service, making a repair or is otherwise required to be made pursuant to this Lease; or

(3) bound by any payment of Rental which Tenant might have paid for more than one month in advance of the due date under the Lease to any prior landlord (including, without limitation, the then defaulting landlord); or

(4) bound by any obligation to make any payment to Tenant which was required to be made prior to the time such owner, Lessor or Mortgagee succeeded to any prior landlord's interest; or

(5) accountable for any monies deposited with any prior landlord (including security deposits), except to the extent such monies are actually received by such owner, Lessor or Mortgagee; or

(6) bound by any surrender or termination of this Lease (other than as expressly provided for in this Lease) made without the consent of such owner, Lessor or Mortgagee, or any amendment or modification of this Lease made without the consent of such owner, Lessor or Mortgagee, other than those amendments or modifications entered into as a result of Tenant's exercise of any option contained in this Lease, provided such amendments or modifications contain no changes to this Lease other than those expressly related to such option as set forth in this Lease; or

(7) bound by any obligation (i) to pay Tenant any sum(s) that Landlord owed to Tenant unless such sums, if any, shall have been delivered to such Lessor or Mortgagee by way of an assumption of escrow accounts or otherwise; (ii) with respect to any security deposited with Landlord, unless such security was actually delivered to such Lessor or Mortgagee; (iii) to commence or complete any initial construction of improvements in the Premises or any expansion or rehabilitation of existing improvements thereon, subject to any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under this Lease, arising (whether under the Lease or under applicable law) from Landlord's breach or default under this Lease, provided that such Lessor or Mortgagee shall have no obligation to perform such construction; (iv) to reconstruct or repair improvements following a fire, casualty or condemnation, provided that Tenant shall be entitled to its remedies under Article 13 and Article 14 of this Lease for such Lessor's or Mortgagee's failure to do so, except that such Lessor or Mortgagee shall not be required to make any payment to Tenant for any unused credit against Rental, which may be owed due to the Expiration Date occurring prior to the date that such credit is exhausted; or (v) to perform day-to-day maintenance and repairs; provided, however, that so long as no Event of Default is continuing, such Lessor or Mortgagee will perform the day to day maintenance and repair obligations of the Landlord under, and in accordance with, the terms of this Lease to the extent such obligations arise from and after the date that such Lessor or Mortgagee becomes owner of the Real Property and Tenant attorns to such Lessor or Mortgagee as described above.

The provisions of this Section 10.2 shall inure to the benefit of any such owner, Lessor or Mortgagee, shall apply notwithstanding that, as a matter of law, this Lease may terminate upon the termination of any such Superior Lease or foreclosure of any Mortgage (to the extent a subordination and non-disturbance agreement has not been executed), and shall be self-operative upon any such demand, and no further agreement shall be required to give effect to said

provisions. Tenant, however, upon demand of any such owner, Lessor or Mortgagee, shall execute, from time to time, agreements in confirmation of the foregoing provisions of this Section 10.2, satisfactory to any such owner, Lessor or Mortgagee, and acknowledging such attornment and setting forth the terms and conditions of its tenancy. Nothing contained in this Section 10.2 shall be construed to impair any right otherwise exercisable by any such owner, Lessor or Mortgagee.

Section 10.3. Intentionally omitted.

Section 10.4. At any time and from time to time within ten (10) days after notice to Tenant or Landlord given by the other, or to Tenant given by a Lessor or Mortgagee (which ten (10) day period is not subject to any notice and cure periods otherwise provided in this Lease), Tenant or Landlord, as the case may be, shall, without charge, execute, acknowledge and deliver a statement in writing addressed to such party as Tenant, Landlord, Lessor or Mortgagee, as the case may be, may designate, in form satisfactory to Tenant, Landlord, Lessor or Mortgagee, as the case may be, certifying all or any of the following: (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications); (ii) whether the Term has commenced and Fixed Rent and Additional Rent have become payable hereunder and, if so, the dates to which they have been paid; (iii) whether or not, to the best knowledge of the signer of such certificate, Landlord is in default in performance of any of the terms of this Lease and, if so, specifying each such event of default of which the signer may have knowledge; (iv) whether Tenant has accepted possession of the Premises; (v) whether Tenant has made any claim against Landlord under this Lease and, if so, the nature thereof and the dollar amount, if any, of such claim; (vi) either that Tenant does not know of any default in the performance of any provision of this Lease or specifying the details of any default of which Tenant may have knowledge and stating what action Tenant is taking or proposes to take with respect thereto; (vii) that, to the knowledge of Tenant, there are no proceedings pending or threatened against Tenant before or by any court or administrative agency which, if adversely decided, would materially and adversely affect the financial condition or operations of Tenant or, if any such proceedings are pending or threatened to the knowledge of Tenant, specifying and describing the same; and (viii) such further information with respect to this Lease or the Premises as Landlord may reasonably request or Lessor or Mortgagee may require; it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser of the Real Property or any part thereof or of the interest of Landlord in any part thereof, by any Mortgagee or prospective Mortgagee, by any Lessor or prospective Lessor, by any tenant or prospective tenant of the Real Property or any part thereof, or by any prospective assignee of any Mortgage or by any assignee of Tenant.

The failure of either Tenant or Landlord to execute, acknowledge and deliver to the other a statement in accordance with the provisions of this Section 10.4 within said ten (10) day period shall constitute an acknowledgment by Tenant or Landlord, as the case may be, which may be relied on by any person who would be entitled to rely upon any such statement, that such statement as submitted by Landlord or Tenant, as the case may be, is true and correct.

Section 10.5. In the event of a default by Landlord under this Lease which would give Tenant the right, immediately or after the lapse of a period of time, to cancel or terminate this Lease or to claim a partial or total eviction, or in the event of any other act or omission of

Landlord which would give Tenant the right to cancel or terminate this Lease, Tenant shall not exercise such right until Tenant has given written notice of such default, act or omission to the Lessor or Mortgagee and the Lessor or Mortgage has failed to cure the default, act or omission giving rise to the cancellation or termination within the time period as Landlord may be entitled to under this Lease plus a reasonable additional period, not to exceed sixty (60) days; provided, however, in the case of a non-monetary default, if such non-monetary default cannot be cured within such time period or cannot be cured until after the Lessor or Mortgagee obtains possession of the Real Property, then, provided the Lessor or Mortgagee gives notice to Tenant of its intent to so cure and commences such cure or commences proceedings under the Superior Lease or Mortgage during such cure period and thereafter diligently prosecutes such cure to completion, such cure period shall be extended as necessary to enable the Lessor or Mortgagee to effectuate such cure.

Section 10.6. Landlord represents that as of the date of this Lease there is no Superior Lease affecting the Real Property, and the only Mortgages encumbering the Real Property are (i) that certain Consolidated, Amended and Restated Term Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of February 6, 2015, by Landlord, as borrower, in favor of Natixis Real Estate Capital LLC, as lender (the "Existing Mortgagee") and (ii) that certain Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of February 6, 2015, by Landlord, as borrower, in favor of the Existing Mortgagee.

Section 10.7. Landlord shall obtain from the Existing Mortgagee a non-disturbance agreement in the form annexed hereto as Schedule K. With respect to any Superior Lease or Mortgage placed on the Real Property following the date of this Lease, in no event shall the failure of any such Lessor or Mortgagee, as applicable, to execute, acknowledge and deliver to Tenant a subordination and non-disturbance agreement be considered a default by Landlord, give rise to any right or remedy of Tenant, create any liability of Landlord to Tenant, or affect this Lease in any manner. The only result of such failure shall be that this Lease shall not be subordinate to the applicable Superior Lease or Mortgage. Landlord shall not be obligated to incur any costs or to institute litigation to obtain any such non-disturbance agreement.

Section 10.8. Landlord shall use "commercially reasonable efforts " (as defined below) to obtain from any Lessor a non-disturbance agreement in the form customarily used by such Mortgagee (or such Lessor, as applicable) providing in substance that, so long as Tenant shall not then be in default in the performance of any of its obligations under this Lease beyond any applicable periods of notice and cure, Tenant's possession of the Premises in accordance with this Lease shall not be disturbed by such Lessor or any successor or purchaser at a foreclosure sale (as the case may be) which shall succeed to the rights of Landlord under this Lease. For purposes of this Section 10.8, "commercially reasonable efforts" shall mean that Landlord made one written request of the applicable Lessor to deliver the non-disturbance agreement and has followed up such written request with two telephonic inquiries of such Lessor. Landlord shall not be obligated to incur any costs or to institute litigation to obtain such non-disturbance agreement.

ARTICLE 11

RULES AND REGULATIONS

Section 11.1. Tenant and Persons Within Tenant's Control shall comply with the Rules and Regulations. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or the terms, covenants or conditions in any other lease against any other tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its employees, agents, visitors or licensees. Landlord shall not discriminate against Tenant in enforcing the Rules and Regulations. In case of any conflict or inconsistency between the provisions of this Lease and of any of the Rules and Regulations as originally or as hereafter adopted, the provisions of this Lease shall control.

ARTICLE 12

INSURANCE, PROPERTY LOSS OR DAMAGE; REIMBURSEMENT

Section 12.1.

(A) No Tenant shall entrust any property to any Building employee. Any Building employee to whom any property is entrusted by or on behalf of Tenant in violation of the foregoing prohibition shall be deemed to be acting as Tenant's agent with respect to such property and neither Landlord nor its agents shall be liable for any damage to property of Tenant or of others entrusted to employees of the Building, nor for the loss of or damage to any property of Tenant by theft or otherwise. Landlord and Landlord's agents shall not be liable for any damage to any of Tenant's Property, Alterations or leasehold improvements (including, without limitation, Landlord's Initial Alterations Work) or for interruption of Tenant's business, however caused, including but not limited to damage caused by other tenants or persons in the Building. Landlord shall not be liable for any latent defect in the Premises or in the Building.

(B) If at any time any windows of the Premises are temporarily closed, darkened or covered for any reason, including Landlord's own acts, or if any such windows are permanently closed, darkened or covered by reason of any Requirements, Landlord shall not be liable for any damage Tenant may sustain thereby, and Tenant shall not be entitled to any compensation therefor nor abatement of Fixed Rent or any other item of Rental, nor shall the same release Tenant from Tenant's obligations hereunder nor constitute an eviction.

(C) Tenant shall give notice to Landlord promptly after Tenant learns of any accident, emergency, occurrence for which Landlord might be liable, fire or other casualty and all damages to or defects in the Premises or the Building for the repair of which Landlord might be responsible or which constitutes Landlord's property.

Section 12.2. Tenant shall not do or permit to be done any act or thing in or upon the Premises which will invalidate or be in conflict with the terms of the New York State standard policies of fire insurance and liability (hereinafter referred to as "Building Insurance"); and Tenant, at Tenant's own expense, shall comply with all rules, orders, regulations and requirements of all insurance boards, and shall not do or permit anything to be done in or upon the Premises or bring or keep anything therein or use the Premises in a manner which increases the rate of premium for any of the Building Insurance over the rate in effect at the commencement of the Term of this Lease.

Section 12.3. If by reason of any failure of Tenant to comply with the provisions of this Lease, the rate of premium for Building Insurance or other insurance on the property and equipment of Landlord shall increase, Tenant shall reimburse Landlord for that part of the insurance premiums thereafter paid by Landlord which shall have been charged because of such failure by Tenant. Tenant shall make said reimbursement on the first day of the month following such payment by Landlord.

Section 12.4.

(A) Tenant, at Tenant's sole cost and expense, shall obtain, maintain and keep in full force and effect during the Term commercial general liability insurance (without deductible), in a form approved in New York State, covering (i) Tenant's liability with respect to any construction that Tenant may perform in connection with the Premises; (ii) Tenant's liability for occupation and use of the Premises; and (iii) its contractual liability under this Lease to the extent insurable under a standard ISO CGL policy. The limits of liability shall be not less than Five Million and 00/100 Dollars ($5,000,000.00) per occurrence, and in the aggregate and may be satisfied with any combination of primary and excess liability insurance so long as excess policies follow-form with the primary insurance provisions. Landlord, the Manager, any Lessors and any Mortgagees shall be included as additional insureds in said policies and shall be protected against all liability arising in connection with this Lease. All said policies of insurance shall be written as "occurrence" policies with general aggregate limit provided on a "per location" basis. Whenever, in Landlord's reasonable judgment, good business practice and changing conditions indicate a need for additional amounts or different types of insurance coverage, Tenant shall, within ten (10) days after Landlord's request, obtain such insurance coverage, at Tenant's expense, provided that prudent landlords of first-class office buildings similar to the Building in the vicinity of the Building are generally requiring such amounts or types of insurance coverage.

(B) Tenant, at Tenant's sole cost and expense, shall obtain, maintain and keep in full force and effect during the Term:

(i) "Special Form" (formerly known as "All Risk") insurance, with deductibles in an amount reasonably satisfactory to Landlord, protecting any and all damage to or loss of any Alterations and leasehold improvements, including any made by Landlord to prepare the Premises and the Terrace for Tenant's occupancy (including, without limitation, Landlord's Initial Alterations Work), and Tenant's Property. Such insurance shall extend to cover terrorism as defined by the Terrorism Risk Program Reauthorization Act. All said policies shall cover the full replacement value of all Alterations, leasehold improvements and Tenant's Property; and

(ii) Business interruption insurance (including "Extra Expense") fully compensating for the amount of Fixed Rent, additional rent and other charges owed to Landlord by Tenant for a period of not less than twelve (12) months. The coverage shall be "All Risk" as stated in clause (i) above.

(C) Workers' compensation and occupational disease insurance and any other insurance in the statutory amounts required by the laws of the State of New York with broad form all-states endorsement, and employer's liability insurance with a limit of One Million and 00/100 ($1,000,000.00) Dollars for each accident.

(D) All policies of insurance shall be: (i) written as primary policy coverage and not calling upon any other insurance procured by Landlord or any Lessor for defense, payment or contribution for loss or damage contractually obligated to indemnify under this Agreement; and (ii) issued by insurance companies rated in Best's Insurance Guide or any successor thereto (or, if there is none, an organization having a national reputation), as having a general policyholder rating of "A" and a financial rating of at least "X", and which are legally authorized to do business in the State of New York. Tenant shall, not later than ten (10) Business Days prior to the Commencement Date, deliver to Landlord the policies of insurance or Acord 25 certificate of insurance evidencing all coverage required under this Lease and shall thereafter furnish to Landlord, at least thirty (30) days prior to the expiration of any such policies and any renewal thereof, a new policy in lieu thereof or Acord 25 certificate of insurance evidencing all coverage required under this Lease. Tenant shall endeavor to provide in each of said policies a provision whereby the insurer agrees not to cancel, fail to renew, diminish or materially modify said insurance policy(ies) without having given Tenant, Landlord, the Manager and any Lessors and Mortgagees at least thirty (30) days prior written notice thereof. Tenant shall promptly send to Landlord and the Manager a copy of all notices sent to Tenant by Tenant's insurer.

(E) Tenant shall pay all premiums and charges for all of said policies, and, if Tenant shall fail to make any payment when due or carry any such policy, Landlord may, but shall not be obligated to, make such payment or carry such policy, and the amount paid by Landlord, with interest thereon (at the Applicable Rate), shall be repaid to Landlord by Tenant on demand, and all such amounts so repayable, together with such interest, shall be deemed to constitute Additional Rent hereunder. Payment by Landlord of any such premium, or the carrying by Landlord of any such policy, shall not be deemed to waive or release the default of Tenant with respect thereto.

Section 12.5.

(A) Landlord, shall at all times during the Term of this Lease, procure and continue in force (i) commercial general liability insurance covering the common areas of the Building, at limits no less than those required by Landlord's mortgagee (or if Landlord does not have a mortgagee, at limits no less than those provided by prudent landlords of similar properties in Manhattan) and, (ii) Special Form "All Risk" property insurance covering the full replacement cost of the Building and Landlord's property therein (including improvements and betterments not otherwise the responsibility of Tenant as outlined hereinto) with no coinsurance limitation and including all coverages and perils as required by Landlord's mortgagee (or if Landlord does not have a mortgagee, at limits no less than those provided by prudent landlords of similar properties in Manhattan).

(B) Landlord shall cause each policy carried by Landlord insuring the Building against loss, damage or destruction by fire or other casualty, and Tenant shall cause each insurance policy carried by Tenant and insuring the Premises and the Terrace and Tenant's Alterations, leasehold improvements (including, without limitation, Landlord's Initial Alterations Work) and Tenant's Property against loss, damage or destruction by fire or other casualty, to be written in a manner so as to provide that the insurance company waives all rights of recovery by way of subrogation against Landlord, Tenant and any tenant of space in the Building in connection with any loss or damage covered by any such policy. Neither party shall be liable to the other for the amount of such loss or damage including any applicable deductible or self-insured retention caused by fire or any of the risks enumerated in its policies, provided that such waiver was obtainable at the time of such loss or damage. If the release of either Landlord or Tenant, as set forth in the second sentence of this Section 12.5, shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released, but no action or rights shall be sought or enforced against such party unless and until all rights and remedies against the other's insurer are exhausted and the other party shall be unable to collect such insurance proceeds. The waiver of subrogation referred to in this Section 12.5(B) shall extend to the agents and employees of each party (including, as to Landlord, the Manager).

ARTICLE 13

DESTRUCTION BY FIRE OR OTHER CAUSE

Section 13.1. If the Premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give prompt written notice thereof to Landlord. Landlord shall, subject to the provisions of Sections 13.2 and 13.3 below, proceed with reasonable diligence, after receipt of the net proceeds of insurance, to repair or cause to be repaired such damage at its expense, but in no event shall Landlord be obligated to repair any damage to or to restore any of Tenant's leasehold improvements or Alterations (including, without limitation, Landlord's Initial Alterations Work), whether initially installed by Landlord or Tenant. Tenant shall repair and restore in accordance with Article 6 and with reasonable dispatch all leasehold improvements and Alterations (including, without limitation, Landlord's Initial Alterations Work) made by or for Tenant in the Premises. If the Premises, or any part thereof, shall be rendered untenantable by reason of such damage, then the Fixed Rent and the Escalation Rent hereunder, or an amount thereof apportioned according to the area of the Premises so rendered untenantable (if less than the entire Premises shall be so rendered untenantable), shall be abated for the period from the date of such damage to the date when the repair of such damage shall have been substantially completed. Notwithstanding any provisions contained in this Lease to the contrary, there shall be no abatement with respect to any portion of the Premises which has not been so damaged and which is usable for the normal conduct of Tenant's business (and no abatement shall be applicable to the Terrace), provided, however, that if more than fifty percent (50%) of a floor of the Premises is so unusable and Tenant in its reasonable judgment cannot operate its business in the remainder of such floor that is usable, the entire floor shall be deemed unusable and the Fixed Rent and Escalation Rent shall abate on the entire floor. Any dispute as to whether Tenant cannot operate its business in the remainder of such floor shall be determined by expedited arbitration commenced by either party in accordance with Article 43 of this Lease. Landlord's determination of the date when the Premises are tenantable shall be controlling unless Tenant disputes the same by notice to Landlord given within ten (10) Business Days after such

determination by Landlord, and pending resolution of such dispute, Tenant shall commence the payment of the Fixed Rent and the Escalation Rent that had been abated, as of the date specified by Landlord. Tenant covenants and agrees to cooperate with Landlord and any Lessor or any Mortgagee in their efforts to collect insurance proceeds (including rent insurance proceeds) payable to such parties. Landlord shall not be liable for any delay which may arise by reason of adjustment of insurance on the part of Landlord and/or Tenant, or any other cause beyond the control of Landlord or contractors employed by Landlord.

Section 13.2. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from damage from fire or other casualty or the repair thereof. Tenant understands that Landlord, in reliance upon Section 12.4, will not carry insurance of any kind on Tenant's Property, Tenant's Alterations and on leasehold improvements (including, without limitation, Landlord's Initial Alterations Work), and that Landlord shall not be obligated to repair any damage thereto or replace the same. In the event of a partial or total destruction of the Premises, Tenant shall as soon as practicable remove any and all of Tenant's Property from the Premises or the portion thereof destroyed (and Tenant shall remove any Tenant's Property from the Terrace if requested by Landlord in connection therewith), as the case may be, and if Tenant does not promptly so remove Tenant's Property, Landlord may discard the same after giving Tenant ten (10) Business Days prior notice of the same or may remove Tenant's Property to a public warehouse for deposit or retain the same in its own possession and at its discretion may sell the same at either public auction or private sale, the proceeds of which shall be applied first to the expenses of removal, storage and sale, second to any sums owed by Tenant to Landlord, with any balance remaining to be paid to Tenant; if the expenses of such removal, storage and sale shall exceed the proceeds of any sale, Tenant shall pay such excess to Landlord upon demand.

Section 13.3.

(A) Notwithstanding anything to the contrary contained in Sections 13.1 and 13.2 above, in the event that:

(i) at least one-third of the RSF of the Building shall be damaged by fire or other casualty so that substantial alteration or reconstruction of the Building shall, in Landlord's sole opinion, be required (whether or not the Premises shall have been damaged by fire or other casualty and without regard to the structural integrity of the Building); or

(ii) the Premises shall be totally or substantially damaged or shall be rendered wholly or substantially untenantable; or

(iii) the Building shall be so damaged by fire or other casualty (whether or not the Premises shall have been damaged by fire or other casualty and without regard to the structural integrity of the Building) that its repair or restoration requires more than one year or the expenditure of more than thirty percent (30%) of the full insurable value of the Building immediately prior to the casualty (as estimated in any such case by a reputable contractor, registered architect or licensed professional engineer designated by Landlord);

then Landlord may, in its sole and absolute discretion, terminate this Lease and the term and estate hereby granted, by notifying Tenant in writing of such termination within one hundred twenty (120) days after the date of such damage. In the event that such a notice of termination shall be given, then this Lease and the term and estate hereby granted shall expire as of the date of termination stated in said notice with the same effect as if that were the Fixed Expiration Date, and the Fixed Rent and Escalation Rent hereunder shall be apportioned as of such date. For the purpose of Section 13.3(iii) only, "full insurable value" shall mean replacement cost, less the cost of footings, foundations and other structures below the street and first floors of the Building.

(B) Notwithstanding anything to the contrary contained in this Section 13.3, upon the written request of Tenant, Landlord shall deliver to Tenant an estimate prepared by a reputable contractor selected by Landlord setting forth such contractor's estimate as to the time reasonably required to repair such damage. If the period to repair set forth in any such estimate exceeds fifteen (15) months (or, if the estimated date by which such repair shall be substantially completed shall not be a date that is at least twelve (12) months prior to the Expiration Date), Tenant may elect to terminate this Lease by notice to Landlord given not later than thirty (30) days (with time of the essence) following Tenant's receipt of such estimate. If Tenant exercises such election, this Lease and the term and estate hereby granted shall expire as of the thirtieth (30th) day after notice of such election given by Tenant with the same effect as if that were the Fixed Expiration Date, and the Fixed Rent and Escalation Rent hereunder shall be apportioned as of such date. If Tenant does not elect to so terminate this Lease, and if the repair work is not substantially completed within ninety (90) days after the date originally estimated by the contractor or within such period after such ninety (90) day period as shall equal the aggregate period Landlord may have been delayed in commencing or completing such repairs by a Tenant Delay and/or an Unavoidable Delay, then Tenant shall have the further right to elect to terminate this Lease upon written notice to Landlord given not later than thirty (30) days (with time of the essence) following the expiration of the foregoing ninety (90) day period and such election shall be effective upon the expiration of sixty (60) days after the date of such notice, unless the repairs are substantially completed within such sixty (60) day period.

Section 13.4. Except as may be provided in Section 12.5, nothing herein contained shall relieve Tenant from any liability to Landlord or to Landlord's insurers in connection with any damage to the Premises or the Building (including the Terrace) by fire or other casualty if Tenant shall be legally liable in such respect.

Section 13.5. If this Lease is terminated as a result of a fire or other casualty, Landlord shall be entitled to retain for its benefit the proceeds of insurance maintained by Tenant on the Alterations and leasehold improvements (but not on Tenant's Property) in the Premises.

Section 13.6. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Building or any part thereof by fire or other casualty, and Section 227 of the Real Property Law of the State of New York providing for such a contingency in the absence of express agreement and any other law of like import now or hereafter in force, shall have no application in such case.

ARTICLE 14

EMINENT DOMAIN

Section 14.1. If the whole of the Real Property, the Building or the Premises is acquired or condemned for any public or quasi-public use or purpose, this Lease and the Term shall end as of the date of the vesting of title with the same effect as if said date were the Fixed Expiration Date. If only a part of the Real Property and not the entire Premises is so acquired or condemned then, (1) except as hereinafter provided in this Section 14.1, this Lease and the Term shall continue in effect but, if a part of the Premises is included in the part of the Real Property so acquired or condemned, from and after the date of the vesting of title, the Fixed Rent and Tenant's Tax Share shall be reduced in the proportion which the area of the part of the Premises so acquired or condemned bears to the total area of the Premises immediately prior to such acquisition or condemnation; (2) whether or not the Premises are affected thereby, Landlord, at Landlord's option, may give to Tenant, within sixty (60) days next following the date upon which Landlord receives notice of vesting of title, a sixty (60) day notice of termination of this Lease; and (3) if the part of the Real Property so acquired or condemned contains more than thirty (30%) percent of the total area of the Premises immediately prior to such acquisition or condemnation, or if, by reason of such acquisition or condemnation, Tenant no longer has reasonable access to the Premises (excluding the Terrace), Tenant, at Tenant's option, may give to Landlord, within sixty (60) days next following the date upon which Tenant receives notice of vesting of title, a sixty (60) day notice of termination of this Lease. If any such sixty (60) day notice of termination is given, by Landlord or Tenant, this Lease and the Term shall come to an end and expire upon the expiration of said sixty (60) days with the same effect as if the date of expiration of said sixty (60) days were the Fixed Expiration Date. If a part of the Premises is so acquired or condemned and this Lease and the Term are not terminated pursuant to the foregoing provisions of this Section 14.1, Landlord, at Landlord's cost and expense, shall restore that part of the Premises not so acquired or condemned to a self-contained rental unit, exclusive of Tenant's Alterations, Tenant's leasehold improvements and Tenant's Property (but including Landlord's Initial Alterations Work). In the event of any termination of this Lease and the Term pursuant to the provisions of this Section 14.1, the Fixed Rent shall be apportioned as of the date of sooner termination and any prepaid portion of the Fixed Rent or Escalation Rent for any period after such date shall be refunded by Landlord to Tenant.

Section 14.2. In the event of any such acquisition or condemnation of all or any part of the Real Property, Landlord shall be entitled to receive the entire award for any such acquisition or condemnation. Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired portion of the Term and Tenant hereby expressly assigns to Landlord all of its right in and to any such award. Nothing contained in this Section 14.2 shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings for the value of any Tenant's Property included in such taking, and for any moving expenses, so long as Landlord's award is not reduced thereby.

Section 14.3. If the whole or any part of the Premises is acquired or condemned temporarily during the Term for any public or quasi-public use or purpose, Tenant shall give prompt notice thereof to Landlord and the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full all items of Rental payable by Tenant hereunder without reduction or abatement, and Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that:

(A) if the acquisition or condemnation is for a period not extending beyond the Term and if such award or payment is made less frequently than in monthly installments, the same shall be paid to and held by Landlord as a fund which Landlord shall apply from time to time to the Rental payable by Tenant hereunder, except that if, by reason of such acquisition or condemnation, changes or alterations are required to be made to the Premises which would necessitate an expenditure to restore the Premises, then a portion of such award or payment considered by Landlord as appropriate to cover the expenses of the restoration shall be retained by Landlord, without application as aforesaid, and applied toward the restoration of the Premises as provided in Section 14.1; or

(B) if the acquisition or condemnation is for a period extending beyond the Term, such award or payment shall be apportioned between Landlord and Tenant as of the Expiration Date; Tenant's share thereof, if paid less frequently than in monthly installments, shall be paid to Landlord and applied in accordance with the provisions of clause (1) above; provided, however, that the amount of any award or payment allowed or retained for restoration of the Premises shall remain the property of Landlord if this Lease expires prior to the restoration of the Premises.

ARTICLE 15

ASSIGNMENT, SUBLETTING, MORTGAGE, ETC.

Section 15.1. Except as otherwise provided in this Article 15, Tenant shall not (a) assign this Lease (whether by operation of law, transfers of interests in Tenant or otherwise); or (b) mortgage or encumber Tenant's interest in this Lease, in whole or in part; or (c) sublet, or permit the subletting of, the Premises or any part thereof; or (d) permit the Premises or any part thereof to be occupied or used for desk space, mailing privileges or otherwise by any person other than Tenant. Tenant shall not advertise or authorize a broker to advertise for a subtenant or assignee, without in each instance, obtaining the prior written consent of Landlord to such advertisement, which shall not be unreasonably withheld or delayed, provided that Tenant shall have the right to retain a broker to list for a subtenant or assignee. In no event may Tenant publicize any financial information (including, without limitation, rental amounts) or otherwise advertise any such information or amount.

Section 15.2. If Tenant's interest in this Lease shall be assigned in violation of the provisions of this Article 15, such assignment shall be invalid and of no force and effect against Landlord; provided, however, that Landlord may collect an amount equal to the then Fixed Rent plus any other item of Rental from the assignee as a fee for its use and occupancy. If the Premises or any part thereof are sublet to, or occupied by, or used by, any person other than Tenant, whether or not in violation of this Article 15, Landlord, after default by Tenant under this Lease, may collect any item of Rental or other sums paid by the subtenant, user or occupant as a fee for its use and occupancy, and shall apply the net amount collected to the Fixed Rent and the items of Rental reserved in this Lease. No such assignment, subletting, occupancy, or use, whether with or without Landlord's prior consent, nor any such collection or application of

Rental or fee for use and occupancy, shall be deemed a waiver by Landlord of any term, covenant or condition of this Lease or the acceptance by Landlord of such assignee, subtenant, occupant or user as Tenant hereunder, nor shall the same, in any circumstances, relieve Tenant of any of its obligations under this Lease. The consent by Landlord to any assignment, subletting, occupancy or use shall not relieve Tenant from its obligation to obtain the express prior consent of Landlord to any further assignment, subletting, occupancy or use. Any person to which this Lease is assigned with Landlord's consent shall be deemed without more to have assumed all of the obligations arising under this Lease from and after the date of such assignment and shall execute and deliver to Landlord, upon demand, an instrument confirming such assumption. Notwithstanding and subsequent to any assignment, Tenant's primary liability hereunder shall continue notwithstanding (a) any subsequent amendment hereof, or (b) Landlord's forbearance in enforcing against Tenant any obligation or liability, without notice to Tenant, to each of which Tenant hereby consents in advance. If any such amendment operates to increase the obligations of Tenant under this Lease, the liability under this Section 15.2 of the assigning Tenant shall continue to be no greater than if such amendment had not been made (unless such party shall have expressly consented in writing to such amendment).

Section 15.3.

(A) For purposes of this Article 15, (i) the transfer of a majority of the issued and outstanding capital stock of any corporate tenant, or of a corporate subtenant, or the transfer of a majority of the total interest in any partnership tenant or subtenant, or the transfer of control in any general or limited liability partnership tenant or subtenant, or the transfer of a majority of the issued and outstanding membership interests in a limited liability company tenant or subtenant, however accomplished, whether in a single transaction or in a series of related or unrelated transactions, involving the tenant, subtenant and/or its parent (including, without limitation, and by way of example only, the transfer of a majority of the outstanding capital stock of a company, which company owns 100% of a second tier company, which in turn owns 51% of the outstanding capital stock of a corporate tenant hereunder), shall be deemed an assignment of this Lease, or of such sublease, as the case may be, except that the transfer of the outstanding capital stock of any corporate tenant, subtenant or parent, shall be deemed not to include the sale of such stock by persons or parties, other than those deemed "affiliates" of Tenant within the meaning of Rule 144 promulgated under the Securities Act of 1933, as amended, through the "over-the-counter market" or through any recognized stock exchange, (ii) any increase in the amount of issued and/or outstanding capital stock of any corporate tenant, or of a corporate subtenant, or such tenant's or subtenant's parent, or of the issued and outstanding membership interests in a limited liability company tenant or subtenant, or such tenant's or subtenant's parent, and/or the creation of one or more additional classes of capital stock of any corporate tenant or any corporate subtenant, or such tenant's or subtenant's parent, in a single transaction or a series of related or unrelated transactions involving the tenant, subtenant and/or its parent, resulting in a change in the control of such tenant, subtenant or parent so that the shareholders or members of such tenant, subtenant or parent existing immediately prior to such transaction or series of transactions shall no longer control such entity, shall be deemed an assignment of this Lease, (iii) an agreement by any other person or entity, directly or indirectly, to assume Tenant's obligations under this Lease shall be deemed an assignment, (iv) any person or legal representative of Tenant, to whom Tenant's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Article 15, (v) a modification, amendment

or extension of a sublease shall be deemed a sublease, and (vi) the change or conversion of Tenant from an entity in which the partners or members have personal liability to a limited liability company, a limited liability partnership or any other entity which possesses the characteristics of limited liability shall be deemed an assignment. Tenant agrees to furnish to Landlord on request at any time such information and assurances as Landlord may reasonably request that neither Tenant, nor any previously permitted subtenant, has violated the provisions of this Article 15.

(B) The provisions of clauses (a), (c) and (d) of Section 15.1, Section 15.3(A), Section 15.4(B), Section 15.5 and Section 15.6 shall not apply to (and Landlord's consent shall not be required for) (i) a change in ownership or control of Tenant as a result of a merger, consolidation or reorganization, or the sale of all or substantially all of Tenant's assets (provided that such merger, consolidation, reorganization or transfer of assets is for a valid business purpose and not principally for the purpose of transferring the leasehold estate created by this Lease, and provided further, that upon such change in ownership or control Tenant has a net worth in an amount at least equal to or in excess of twenty-five (25) times the then annual Fixed Rent under this Lease); (ii) the sale, exchange, issuance or other transfer of Tenant's stock on a national stock exchange; or (iii) the assignment of this Lease or sublease of all or any portion of the Premises to, or the use of the Premises by, an entity which controls, is controlled by or is under the common control of Tenant (such transactions described in clauses (i) and (iii) being collectively referred to as "Permitted Transfers", and such parties "Permitted Transferees"). Tenant shall notify Landlord before any such transaction is consummated, unless such prior notice violates any securities laws or regulatory requirements applicable to Tenant, in which event Tenant shall notify Landlord promptly after Tenant is permitted to do so.

(C) The term "control" as used in this Lease (i) in the case of a corporation shall mean ownership of more than fifty (50%) percent of the outstanding capital stock of that corporation, (ii) in the case of a general or limited liability partnership, shall mean ownership of more than fifty (50%) percent of the general partnership or membership interests of the partnership, (iii) in the case of a limited partnership, shall mean ownership of more than fifty (50%) percent of the general partnership interests of such limited partnership, and (iv) in the case of a limited liability company, shall mean ownership of more than fifty (50%) percent of the membership interests of such limited liability company, or, in each case above, the possession of power to direct, or cause the direction of, the management and policy of such corporation or other entity, whether through the ownership of voting securities, by statute or by contract.

Section 15.4.

(A) If Landlord shall not exercise its rights pursuant to Section 15.4(B), Landlord shall not unreasonably withhold or delay its consent to a proposed subletting of the entire Premises (or any portion thereof consisting of the entire Tenth Floor Premises, the entire Eleventh Floor Premises or the entire Penthouse Space), or an assignment of this Lease (and any dispute between the parties as to whether Landlord's withholding or delay of its consent to such proposed subletting or assignment was reasonable shall be resolved by expedited arbitration in accordance with Article 43 of this Lease), and Landlord shall be deemed to have consented to same in the event that (x) Landlord fails to respond to Tenant's request for such consent and delivery of all materials required hereunder within thirty (30) days following

Landlord's receipt thereof, and (y) Tenant thereafter provides Landlord with a second notice of its request (provided such notice shall be delivered in writing in accordance with Article 27 and state in eighteen-point bold, capital letters the following: "**IF LANDLORD DOES NOT RESPOND TO THIS REQUEST FOR CONSENT WITHIN FIVE (5) BUSINESS DAYS, LANDLORD'S CONSENT TO THE PROPOSED SUBLEASE OR ASSIGNMENT SHALL BE DEEMED GRANTED IN ACCORDANCE WITH SECTION 15.4(A) OF THE LEASE.**"), and (z) Landlord fails to respond to such second notice within five (5) Business Days of Landlord's receipt thereof, provided that in each such instance, the following requirements shall have been satisfied:

(1) in the case of a proposed subletting, the listing or advertising for subletting of the Premises shall not have included a proposed rental rate, provided, however, that Tenant may quote in writing directly to prospective subtenants the proposed rental rate;

(2) no Event of Default shall have occurred and be continuing;

(3) the proposed subtenant or assignee shall have a financial standing, be engaged in a business, and propose to use the Premises in a manner in keeping with the standards in such respects of the other tenancies in the Building;

(4) the proposed subtenant or assignee shall not be (x) a Person with whom Landlord is then negotiating or discussing the leasing of space in the Building, or any Person that, directly or indirectly, is controlled by, controls or is under common control with any such Person; or (y) a tenant in or occupant of the Building, or any Person that, directly or indirectly, is controlled by, controls or is under common control with any such tenant or occupant, unless Landlord does not then have available, and will not have available within the six (6) month period following Tenant's request for consent, for lease space in the Building which is comparable in size to the Premises, in the case of any proposed assignment of the Lease, or to the portion of the Premises to be sublet, in the case of a proposed sublease;

(5) any subletting shall be expressly subject to all of the terms, covenants, conditions and obligations on Tenant's part to be observed and performed under this Lease and any assignment or subletting shall be subject to the further condition and restriction that this Lease or the sublease shall not be further assigned, encumbered or otherwise transferred or the subleased premises further sublet by the subtenant in whole or in part, or any part thereof suffered or permitted by the assignee or subtenant to be used or occupied by others, without the prior written consent of Landlord in each instance, which consent shall be granted or withheld in Landlord's sole discretion, and if Landlord shall consent to any further subletting by the subtenant or the assignment of the sublease, Sections 15.5 and 15.6 of this Lease shall apply to any such transactions as if the further subletting or assignment of the sublease were a proposed subletting or assignment being made by Tenant under this Lease so that Landlord shall be entitled to receive all amounts described in such Sections;

(6) Section 41.5(ii) of this Lease shall not have been violated;

(7) Tenant shall reimburse Landlord on demand for any reasonable out-of-pocket costs that may be incurred by Landlord in connection with said assignment or sublease, including, without limitation, any processing fees, attorneys' fees and disbursements, and the costs of making investigations as to the acceptability of the proposed assignee or subtenant;

(8) any sublease shall expressly provide that in the event of termination, re-entry or dispossession of Tenant by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant as sublessor under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be (i) liable for any previous act or omission of Tenant under such sublease, (ii) subject to any offset that theretofore accrued to such subtenant against Tenant, (iii) bound by any previous modification of such sublease or by any previous prepayment of more than one month's rent unless previously approved by Landlord, (iv) bound by any covenant to undertake or complete or make payment to or on behalf of a subtenant with respect to any construction of the Premises or any portion thereof demised by such sublease and (v) bound by any obligations to make any other payment to or on behalf of the subtenant, except for services, repairs, maintenance and restoration provided for under the sublease to be performed after the date of such termination, reentry or dispossession by Landlord under this Lease and which Landlord is required to perform hereunder with respect to the subleased space at Landlord's expense;

(9) the nature of the occupancy of the proposed assignee or subtenant will not cause an excessive density of employees or traffic or make excessive demands on the Building Systems or present a greater security risk to the Building than is presented by Tenant;

(10) the nature of the occupancy, the use and the manner of use of the Premises by the proposed subtenant or assignee shall not impose on Landlord any requirements of the ADA in excess of those requirements imposed on Landlord in the absence of such proposed subtenant or assignee or such occupancy, use or manner of use, unless such proposed subtenant or assignee shall have agreed to comply with each of such excess requirements and, at Landlord's option, shall have furnished Landlord with such security as Landlord may require to assure that such subtenant or assignee shall so comply; and

(11) Landlord and Tenant shall have agreed on the computation required under Section 15.5 or Section 15.6, as applicable.

In the event that after Tenant's submission of a Sublease or Assignment Statement to Landlord pursuant to Section 15.4(B) containing a Term Sheet rather than a proposed assignment or sublease instrument, the proposed sublease or proposed assignment delivered to Landlord in connection with Section 15.4(A) contains (i) provisions which are materially different from those in the Term Sheet (if such Term Sheet shall have contained terms other than those with respect to the rents, work contributions and other economic and financial terms (collectively "Economic Terms")) or (ii) a net effective rental rate (i.e., taking into account free rent, work contributions and other economic concessions), in the case of a proposed sublease, and economic and financial terms generally in the case of a proposed assignment, which are more favorable to the proposed assignee or subtenant by five percent (5%) or more from the Economic Terms set forth in the Term Sheet, then in either or both of such events, Tenant's request for consent pursuant to Section 15.4(A) shall be deemed to be an irrevocable offer from Tenant to Landlord as to which Landlord shall have the right to exercise its rights with respect to proposed subleases or assignments set forth in Section 15.4(B).

(B) Upon obtaining a proposed assignee or subtenant, upon terms satisfactory to Tenant, Tenant shall submit to Landlord in writing (the following documents and information being collectively referred to as the "Sublease or Assignment Statement"): (i) the name and business address of the proposed assignee or subtenant; (ii) the nature and character of the business and credit of the proposed assignee or subtenant; (iii) a term sheet describing in reasonable detail the basic terms of the proposed subletting or assignment and executed by or on behalf of Tenant and the proposed assignee or subtenant, as applicable (any such statement being referred to herein as a "Term Sheet"), or an original counterpart of the proposed assignment or sublease and all related agreements, the effective or commencement date of which shall be at least sixty (60) days after the date Tenant's notice to Landlord is given, along with Tenant's and the subtenant's (or assignee's) affidavit that such sublease or assignment instrument is the true and complete statement of the subletting or assignment (or, in the case of a Term Sheet if only a Term Sheet is submitted, that such Term Sheet reflects all sums and other consideration passing between the parties to the sublease or assignment) and all reports, returns, transferor and transferee questionnaires and other documents required to be filed under Article 31 of the New York State Tax Law and under Chapter 21 of the New York City Administrative Code; (iv) current financial information with respect to the proposed assignee or subtenant, including, without limitation, its most recent financial statements, certified by an independent CPA if such financial statements are certified by a CPA (or, if not, certified by the chief financial officer of the proposed assignee or subtenant as being true and correct); and (v) any other information that Landlord may reasonably request. Landlord shall have the following rights, exercisable within thirty (30) days after Landlord's receipt of the Sublease or Assignment Statement (including any additional information reasonably requested by Landlord): in the case of an assignment of this Lease or a subletting of any portion of the Premises, to sublet (in its own name or that of its designee) such portion of the Premises from Tenant (or, in the case of a subletting that includes the entire Penthouse Space, to sublet only the entire Penthouse Space from Tenant, provided that Landlord shall have such right to sublet only the entire Penthouse Space if Landlord in good faith intends to use the Penthouse Space as an amenity for the tenants and occupants of the Building) on the terms and conditions set forth in Section 15.4(C), or to terminate this Lease or to take an assignment of this Lease from Tenant (or, in the case of a subletting of the entire Penthouse Space or a subletting that includes the entire Penthouse Space, to terminate this Lease with respect to the entire Penthouse Space only, provided that Landlord shall only have such right to terminate this Lease with respect to the Penthouse Space if Landlord in good faith intends to use the Penthouse Space as an amenity for the tenants and occupants of the Building), (the entire Premises (or portion thereof sublet, as applicable) sublet by Landlord (or its designee) being referred to as the "Recapture Space") or to approve or disapprove the proposed assignment or sublease in accordance with the provisions of Section 15.4(A).

(C) (1) If Landlord shall exercise its option to sublet the Recapture Space, then, except as specifically provided below such subletting shall be on the terms and conditions set forth in the Sublease or Assignment Statement, including without limitation the incorporation of the indemnification provisions under Article 33 of this Lease, provided that notwithstanding the terms contained in the Sublease or Assignment Statement, such sublease (a "Recapture Sublease") to Landlord or its designee as subtenant (the "Recapture Subtenant") or assignee shall:

(i) be at a rate, at all times throughout the term of the Recapture Sublease, equal to (if Tenant had proposed to sublet the Premises) the lower of (x) the rate then payable by Tenant under this Lease and (y) the rate set forth in the Sublease or Assignment Statement;

(ii) otherwise be upon the same terms and conditions as those contained in the Sublease or Assignment Statement (other than, (x) in the case of an assignment, payment of consideration therefor to Tenant and (y) in the case of a subletting of the entire Penthouse Space, the term of the Recapture Sublease with respect to the Penthouse Space shall be for the remaining Term of this Lease) and (except as modified by the Sublease or Assignment Statement) the terms and conditions contained in this Lease, except such as are irrelevant or inapplicable and except as otherwise expressly set forth to the contrary in this Section 15.4(C);

(iii) give the Recapture Subtenant the unqualified and unrestricted right, without Tenant's permission, to assign such sublease and to further sublet the Recapture Space or any part thereof and to make any and all changes, alterations, and improvements in and to the Recapture Space;

(iv) provide in substance that any such changes, alterations, and improvements made in the Recapture Space may be removed, in whole or in part, prior to or upon the expiration or other termination of the Recapture Sublease, provided that any material damage and injury caused thereby shall be repaired;

(v) provide that (x) the parties to such Recapture Sublease expressly negate any intention that any estate created under the Recapture Sublease be merged with any estate held by either of said parties, and (y) at the expiration of the term of such Recapture Sublease, Tenant will accept the Recapture Space in its then existing condition, broom clean; and

(vi) provide that the Recapture Subtenant or occupant shall use and occupy the Recapture Space for any purpose approved by Landlord (without regard to any limitation set forth in the Sublease or Assignment Statement).

(2) Until the termination of a Recapture Sublease, performance by Recapture Subtenant under a Recapture Sublease shall be deemed performance by Tenant of any similar obligation under this Lease and Tenant shall not be liable for any default under this Lease or deemed to be in default hereunder if such default is occasioned by or arises from any act or omission of Recapture Subtenant under the Recapture Sublease or is occasioned by or arises from any act or omission of any occupant under the Recapture Sublease (and, accordingly, Tenant shall not have liability or responsibility to Landlord in connection with any such act or omission).

(3) If a Recapture Subtenant is unable to give Tenant possession of the Recapture Space at the expiration of the term of the Recapture Sublease by reason of the holding over or retention of possession of any tenant or other occupant, then (w) until the date upon which the Recapture Subtenant gives Tenant possession of such Recapture Space free of occupancies, the Recapture Subtenant shall continue to pay all charges previously payable, and comply with all other obligations under the Recapture Sublease and the provisions of Section 15.4(C)(2) shall continue to apply, (x) neither the Expiration Date nor the validity of this Lease shall be affected, and (y) Tenant waives any rights under Section 223-a of the Real Property Law of New York, or any successor statute of similar import, to rescind this Lease and further waives the right to recover any damages from Landlord or Recapture Subtenant that may result from the failure of Landlord to deliver possession of the Recapture Space at the end of the term of the Recapture Sublease.

(4) The failure by Landlord to exercise its option under Section 15.4(B) with respect to any subletting or assignment shall not be deemed a waiver of such option with respect to any extension of such subletting or assignment or any subsequent subletting or assignment.

(5) Tenant shall have the right to offset against the Rental due under this Lease an amount equal to the rental that the Recapture Subtenant fails to pay when due to Tenant.

Section 15.5. If Tenant sublets the Premises to a Person in a transaction for which Landlord's consent is required, Landlord shall be entitled to and Tenant shall pay to Landlord, as Additional Rent (the "Sublease Additional Rent"), a sum equal to fifty (50%) percent of any rents, additional charges and other consideration payable under the sublease to Tenant by the subtenant in excess of the Fixed Rent and Escalation Rent accruing during the term of the sublease in respect of the subleased space pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of Tenant's Property and Alterations less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax or federal information returns) and after deducting from any rents, additional charges and other consideration payable under the sublease to Tenant the actual out-of-pocket expenses reasonably incurred by Tenant in connection with such sublease on account of brokerage commissions, advertising expenses, free rent (to the extent consistent with free rent then being offered for subleases in similar buildings in Manhattan), legal fees, work contributions and the cost of work performed by Tenant to prepare the Premises for the subtenant's occupancy**,** all amortized over the term of the sublease. Such Sublease Additional Rent shall be payable as and when received by Tenant.

Section 15.6. If Tenant shall assign this Lease to a Person in a transaction for which Landlord's consent is required, Landlord shall be entitled to and Tenant shall pay to Landlord, as Additional Rent, an amount equal to fifty (50%) percent of all sums and other consideration paid to Tenant by the assignee for or by reason of such assignment (including, but not limited to, sums paid for the sale or rental of Tenant's Property and Alterations less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax or federal information returns) after deducting from any sums and other consideration paid to Tenant by the assignee the actual out-of-pocket expenses reasonably incurred by Tenant in connection with such assignment on account of brokerage commissions, advertising expenses, free rent (to the extent consistent with free rent then being offered for subleases in similar buildings in Manhattan), legal fees, work contributions and the cost of work performed by Tenant to prepare the Premises for the assignee's occupancy. Such Additional Rent shall be payable as and when received by Tenant from the assignee.

Section 15.7. Landlord shall have no liability for brokerage commissions incurred with respect to any assignment of this Lease or any subletting of all or any part of the Premises by or on behalf of Tenant. Tenant shall pay, and shall indemnify and hold Landlord harmless from and against, any and all cost, expense (including reasonable attorneys' fees and disbursements) and liability in connection with any compensation, commissions or charges claimed by any broker or agent with respect to any such assignment or subletting.

Section 15.8.

(A) Tenant may permit portions of the Premises to be occupied, at any time and from time to time, by persons who are not members, officers or employees of Tenant (each such Person who is permitted to occupy portions of the Premises pursuant to this Section being referred to herein as a "Special Occupant"), without (x) Landlord's prior approval, (y) Tenant being required to pay any profits to Landlord in connection therewith, provided that, in each case, (i) no demising walls are erected in the Premises separating the space used by a Special Occupant from the remainder of the Premises, (ii) the Special Occupant uses the Premises in conformity with all applicable provisions of this Lease, (iii) the use of any portion of the Premises by any Special Occupant shall not create any real property interest of the Special Occupant in or to the Premises, (iv) the portion of the Premises used by all Special Occupants shall not exceed fifteen percent (15%) of the RSF of the Premises, (v) such Person maintains a business or charitable relationship with Tenant and such business or charitable relationship extends during the term of such occupancy (vi) the Special Occupant does not pay for its occupancy rights an amount greater than the Rental that is reasonably allocable to the portion of the Premises that the Special Occupant has the right to occupy (it being understood that amounts that the Special Occupant pays to Tenant to reimburse Tenant reasonably for customary office services shall not be included in the calculation of the amount that the Special Occupant pays for its occupancy rights as provided in this clause (vi)), and (vii) at least ten (10) days prior to a Special Occupant taking occupancy of a portion of the Premises, Tenant gives notice to Landlord advising Landlord of (1) the name and address of such Special Occupant, (2) the character and nature of the business to be conducted by such Special Occupant, (3) the number of RSF to be occupied by such Special Occupant, (4) the duration of such occupancy, (5) the character and nature of Special Occupant's relationship with Tenant and (5) the fee, if any, to be paid by such Special Occupant for its use of the applicable portion of the Premises, and provided, further that Landlord shall have the right to deny occupancy to any proposed (or existing) Special Occupant in the event such Person maintains a charitable (rather than business) relationship with Tenant, and, Landlord, in its sole judgment, determines that occupancy in the Building by such Person, or by any charity such Person is affiliated with, could be perceived as drawing negative attention to Landlord and/or the Building (or any other tenants or occupants thereof) or otherwise lowering or detracting from the nature, character or quality of Landlord and/or the Building (or any other tenants or occupants thereof) or creating any security risk for Landlord and/or the Building (or any other tenants or occupants thereof).

(B) Tenant shall be permitted to outsource certain ancillary operations in the Premises to persons providing service to Tenant, including food service, mailroom, security services, photocopying, to the extent such services are ordinarily provided to businesses similar to Tenant's operations in the Premises and provided that the amount of space within the Premises allocated thereto is reasonable taking into account the services which would ordinarily be so provided, and Tenant shall be permitted to provide space within the Premises to such persons without Landlord's consent thereto being required and any such space allocated to such persons shall not be deemed a portion of the space permitted to be used by the Special Occupants.

ARTICLE 16

ACCESS TO PREMISES

Section 16.1.

(A) Tenant shall permit Landlord, Landlord's agents, other tenants in the Building and public utilities servicing the Building to erect, use and maintain concealed ducts, pipes and conduits in and through the Premises provided same do not reduce the usable area of the Premises or interfere with Tenant's use and enjoyment thereof beyond a *de minimis* amount. Landlord or Landlord's agents shall have the right to enter the Premises at all reasonable times upon (except in case of emergency) reasonable prior notice, which notice may be oral, to examine the same, to show the same to prospective purchasers, Mortgagees or lessees of the Building or (during the last twelve (12) months of the Term) lessees of space therein, or to make such repairs, alterations, improvements or additions (i) as may be required in connection with Landlord's Work, (ii) as Landlord may reasonably deem necessary to the Premises to comply with Requirements and requirements of the insurance companies providing insurance on the Building, or as Landlord may deem necessary or desirable to any other portion of the Building, or (iii) which Landlord may elect to perform at least ten (10) days after notice (except in an emergency when no notice shall be required) following Tenant's failure to make repairs or perform any work which Tenant is obligated to make or perform under this Lease, or (v) for the purpose of complying with Requirements, and Landlord shall be allowed to take all material into and upon the Premises that may be required therefor without the same constituting an eviction or constructive eviction of Tenant in whole or in part and except to the extent provided under Section 7.3 hereof, the Fixed Rent (and any other item of Rental) shall in no respect abate or be reduced by reason of said repairs, alterations, improvements or additions, wherever located, or while the same are being made, by reason of loss or interruption of business of Tenant, or otherwise. Landlord shall promptly repair any damage caused to the Premises by such work, alterations, improvements or additions.

(B) Any work performed or installations made pursuant to this Article 16 shall be made with reasonable diligence and otherwise pursuant to Section 7.3, including, without limitation, the provisions thereof relating to overtime work.

(C) Any pipes, ducts, or conduits installed in or through the Premises pursuant to this Article 16 shall, if reasonably practicable, either be concealed behind, beneath or within partitioning, columns, ceilings or floors located or to be located in the Premises, or completely furred at points immediately adjacent to partitioning, columns or ceilings located or to be located in the Premises.

Section 16.2. If Tenant is not present when for any reason entry into the Premises may be necessary or permissible, Landlord or Landlord's agents may enter the same without rendering Landlord or such agents liable therefor (if during such entry Landlord or Landlord's agents accord reasonable care to Tenant's Property), and without in any manner affecting this Lease.

Section 16.3. Landlord also shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor, to change the arrangement or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets or other public parts of the Building, provided any such change does not unreasonably interfere with, or deprive Tenant of access to, the Building or the Premises; to put so-called "solar film" or other energy-saving installations on the inside and outside of the windows; and to change the name, number or designation by which the Building is commonly known. All parts (except surfaces facing the interior of the Premises) of all walls, windows and doors bounding the Premises (including exterior Building walls, exterior core corridor walls, exterior doors and entrances), all balconies, terraces and roofs adjacent to the Premises, all space in or adjacent to the Premises used for shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, heating, air cooling, plumbing and other mechanical facilities, service closets and other Building facilities are not part of the Premises, and Landlord shall have the use thereof, as well as access thereto through the Premises for the purposes of inspection, operation, maintenance, alteration and repair.

ARTICLE 17

CERTIFICATE OF OCCUPANCY

Section 17.1. Tenant shall not at any time use or occupy the Premises in violation of the certificate of occupancy at such time issued for the Premises or for the Building (the "Certificate of Occupancy"). Without limiting the generality of the foregoing, Tenant shall be entitled to use the Premises to accommodate a proportionate share of the total number of persons permitted by the Certificate of Occupancy to occupy the floor of the Building on which the Premises is located, based upon the ratio that the RSF of the Premises bears to the total number of RSF on such floor of the Building. In the event that any Government Authority hereafter contends or declares by notice, violation, order or in any other manner whatsoever that the Premises are used for a purpose that is a violation of such Certificate of Occupancy, Tenant shall, upon three (3) Business Days written notice from Landlord or any Government Authority, immediately discontinue such use of the Premises; provided, however, that nothing herein shall prevent Tenant from contesting such violation pursuant to and in accordance with the provisions of Section 9.5. Landlord shall, at Landlord's cost, use all commercially reasonable efforts to amend the Certificate of Occupancy as needed to allow for Terrace use (including, without limitation, endeavoring to obtain a Public Assembly Permit to permit occupancy of the Terrace by more than 74 persons to the extent permitted by the available roof area) and, if necessary and Tenant reinforces the floors in accordance with this Lease, increased floor loads in connection with Landlord's Initial Alterations Work, and to reasonably cooperate with Tenant, at no cost to Landlord and subject to any Tenant Delay and Unavoidable Delay, in connection with future amendments to the Certificate of Occupancy to the extent necessary and consistent with the terms of this Lease, including, without limitation, Article 5, Article 16 and Article 41.

ARTICLE 18

DEFAULT

Section 18.1. Each of the following events shall be an "Event of Default" under this Lease:

(A) if Tenant shall on any occasion default in the payment when due of any installment of Fixed Rent or in the payment when due of any other item of Rental and such default shall continue for five (5) Business Days after Landlord shall have given Tenant written notice of such default, provided that if Tenant shall fail more than two (2) times in any period of twelve consecutive months to make a payment when due of any Rental, and Landlord shall have given Tenant notice of such default after two (2) such occurrences, then Landlord shall not be required to provide such five (5) Business Days' notice until Tenant has timely paid all Rental due for a period of twelve (12) consecutive months; or

(B) Intentionally omitted; or

(C) Intentionally omitted; or

(D) if the Premises shall become abandoned; or

(E) if Tenant's interest in this Lease shall devolve upon or pass to any person, whether by dissolution, operation of law or otherwise, except as expressly permitted under Article 15 hereof; or

(F) (1) if Tenant shall not, or shall be unable to, or shall admit in writing Tenant's inability to, as to any obligation, pay Tenant's debts as they become due; or

(2) if Tenant shall commence or institute any case, proceeding or other action (a) seeking relief on Tenant's behalf as debtor, or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Tenant or Tenant's debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property; or

(3) if Tenant shall make a general assignment for the benefit of creditors; or

(4) if any case, proceeding or other action shall be commenced or instituted against Tenant (a) seeking to have an order for relief entered against Tenant as debtor or to adjudicate Tenant a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Tenant or Tenant's debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for Tenant or for all or any substantial part of Tenant's property, which either (i) results in any such entry of an order for relief, adjudication of bankruptcy or insolvency or such an appointment or the issuance or entry of any other order having a similar effect or (ii) remains undismissed for a period of sixty (60) days; or

(5) if a trustee, receiver or other custodian shall be appointed for any substantial part of the assets of Tenant which appointment is not vacated or effectively stayed within sixty (60) days; or

(6) if Tenant rejects this Lease in connection with any action or proceeding under the Bankruptcy Code; or

(G) Intentionally omitted; or

(H) if Tenant shall default in the observance or performance of any other term, covenant or condition of this Lease on Tenant's part to be observed or performed and Tenant shall fail to remedy such default within thirty (30) days after notice by Landlord to Tenant of such default, or if such default is of such a nature that it cannot with due diligence be completely remedied within said period of thirty (30) days and the continuation of which for the period required for cure will not subject Landlord to the risk of criminal liability or termination of any Superior Lease or foreclosure of any Mortgage, if Tenant shall not, (i) within said thirty (30) day period advise Landlord of Tenant's intention duly to institute all steps necessary to remedy such situation, (ii) duly institute within said thirty (30) day period, and thereafter diligently and continuously prosecute to completion all steps necessary to remedy the same, and (iii) complete such remedy within such time after the date of the giving of said notice by Landlord as shall reasonably be necessary.

Section 18.2. If an Event of Default shall occur, Landlord may, at any time thereafter, at Landlord's option, give written notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice, which date shall not be less than five (5) days after the giving of such notice, whereupon this Lease and the Term and all rights of Tenant under this Lease shall automatically expire and terminate as if the date specified in the notice given pursuant to this Section 18.2 were the Fixed Expiration Date and Tenant immediately shall quit and surrender the Premises, but Tenant shall remain liable for damages as provided herein or pursuant to law. Anything contained herein to the contrary notwithstanding, if such termination shall be stayed by order of any court having jurisdiction over any proceeding described in Section 18.1(F), or by federal or state statute, then, following the expiration of any such stay, or if the trustee appointed in any such proceeding, Tenant or Tenant as debtor-in-possession fails to assume Tenant's obligations under this Lease within the period prescribed therefor by law or within one hundred twenty (120) days after entry of the order for relief or as may be allowed by the court, or if said trustee, Tenant or Tenant as debtor-in-possession shall fail to provide adequate protection of Landlord's right, title and interest in and to the Premises or adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease, Landlord, to the extent permitted by law or by leave of the court having jurisdiction over such proceeding, shall have the right, at its election, to terminate this Lease on five (5) days' notice to Tenant, Tenant as debtor-in-possession or said trustee and upon the expiration of said five (5) day period this Lease shall cease and expire as aforesaid and Tenant, Tenant as debtor-in-possession or said trustee shall immediately quit and surrender the Premises as aforesaid.

Section 18.3. If, at any time, (i) Tenant shall consist of two (2) or more persons, or (ii) Tenant's obligations under this Lease shall have been guaranteed by any person other than Tenant, or (iii) Tenant's interest in this Lease has been assigned, the word "Tenant" as used in Section 18.1(F), shall be deemed to mean any one or more of the persons primarily or secondarily liable for Tenant's obligations under this Lease. Any monies received by Landlord from or on behalf of Tenant during the pendency of any proceeding of the types referred to in Section 18.1(F) shall be deemed paid as compensation for the use and occupancy of the Premises and the acceptance of any such compensation by Landlord shall not be deemed an acceptance of Rental or a waiver on the part of Landlord of any rights under Section 18.2.

ARTICLE 19

REMEDIES AND DAMAGES

Section 19.1.

(A) If any Event of Default shall occur, or this Lease and the Term shall expire and come to an end as provided in Article 18:

(1) Tenant shall quit and peacefully surrender the Premises to Landlord, and Landlord and its agents may immediately, or at any time after such Event of Default or after the date upon which this Lease and the Term shall expire and come to an end, re-enter the Premises or any part thereof, without notice, either by summary proceedings, or by any other applicable action or proceeding or otherwise (without being liable to indictment, prosecution or damages therefor), but excluding by force, and may repossess the Premises and dispossess Tenant and any other persons from the Premises by summary proceedings or otherwise (excluding by force) and remove any and all of their property and effects from the Premises (and Tenant shall remain liable for damages as provided herein or pursuant to law); and

(2) Landlord, at Landlord's option, may relet the whole or any part or parts of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the Fixed Expiration Date, at such rent or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in Landlord's sole discretion, may determine; provided, however, that Landlord shall have no obligation to relet the Premises or any part thereof and shall in no event be liable for refusal or failure to relet the Premises or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon any such reletting, and no such refusal or failure shall operate to relieve Tenant of any liability under this Lease or otherwise affect any such liability, and Landlord, at Landlord's option, may make such Alterations, in and to the Premises as Landlord, in Landlord's sole discretion, shall consider advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting any such liability.

(B) Tenant hereby waives the service of any notice of intention to re-enter or to institute legal proceedings to that end that may otherwise be required to be given under any present or future law. Tenant, on its own behalf and on behalf of all persons claiming through or under Tenant, including all creditors, does further hereby waive any and all rights that

Tenant and all such persons might otherwise have under any present or future law to redeem the Premises, or to re-enter or repossess the Premises, or to restore the operation of this Lease, after (a) Tenant shall have been dispossessed by a judgment or by warrant of any court or judge, or (b) any re-entry by Landlord, or (c) any expiration or termination of this Lease and the Term, whether such dispossess, re-entry, expiration or termination is by operation of law or pursuant to the provisions of this Lease. The words "re-entry", "re-enter" and "re-entered" as used in this Lease shall not be deemed to be restricted to their technical legal meanings. In the event of a breach or threatened breach by Tenant, or any persons claiming through or under Tenant, of any term, covenant or condition of this Lease, Landlord shall have the right to enjoin such breach and the right to invoke any other remedy allowed by law or in equity as if re-entry, summary proceedings and other special remedies were not provided in this Lease for such breach. The right to invoke the remedies hereinbefore set forth are cumulative and shall not preclude Landlord from invoking any other remedy allowed at law or in equity.

Section 19.2.

(A) If this Lease and the Term shall expire and come to an end as provided in Article 18, or by or under any summary proceeding or any other action or proceeding, or if Landlord shall re-enter the Premises as provided in Section 19.1, or by or under any summary proceeding or any other action or proceeding, then, in any of said events:

(1) Tenant shall pay to Landlord all Fixed Rent, Escalation Rent, other Additional Rent and other items of Rental payable under this Lease by Tenant to Landlord to the date upon which this Lease and the Term shall have expired and come to an end or to the date of re-entry upon the Premises by Landlord, as the case may be;

(2) Tenant also shall be liable for and shall pay to Landlord, as damages, any deficiency ("Deficiency") between the Rental for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of Section 19.1(A)(2) for any part of such period (after first deducting from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease, Landlord's reentry upon the Premises and such reletting including, but not limited to, all repossession costs, brokerage commissions, attorneys' fees and disbursements, alteration costs and other expenses of preparing the Premises for such reletting); any such Deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for payment of installments of Fixed Rent; Landlord shall be entitled to recover from Tenant each monthly Deficiency as the same shall arise, and no suit to collect the amount of the Deficiency for any month shall prejudice Landlord's right to collect the Deficiency for any subsequent month by a similar proceeding; and

(3) whether or not Landlord shall have collected any monthly Deficiency as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, in lieu of any further Deficiency as and for liquidated and agreed final damages, a sum equal to the amount by which the unpaid Rental for the period which otherwise would have constituted the unexpired portion of the Term exceeds the then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the Base Rate; if, before presentation of proof of such liquidated damages to any court, commission or

tribunal, the Premises, or any part thereof, are relet by Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

(B) If the Premises, or any part thereof, shall be relet together with other space in the Building, the rents collected or reserved under any such reletting and the expenses of any such reletting shall be equitably apportioned for the purposes of this Section 19.2. Tenant shall in no event be entitled to any rents collected or payable under any reletting, whether or not such rents exceed the Fixed Rent reserved in this Lease. Solely for the purposes of this Article 19, the term "Escalation Rent" as used in Section 19.2(A) shall mean the Escalation Rent in effect immediately prior to the Expiration Date, or the date of re-entry upon the Premises by Landlord, as the case may be. Nothing contained in Article 18 or this Article 19 shall be deemed to limit or preclude the recovery by Landlord from Tenant of the maximum amount allowed to be obtained as damages by any statute or rule of law, or of any sums or damages to which Landlord may be entitled in addition to the damages set forth in this Section 19.2.

ARTICLE 20

FEES AND EXPENSES

Section 20.1. If (i) Tenant shall default under this Lease, or (ii) Tenant does or permits any act or thing upon the Premises that would cause Landlord to be in default under any Superior Lease or Mortgage and Tenant does not cure such act or thing within thirty (30) days (or such shorter period as Landlord may be permitted pursuant to any Superior Lease or Mortgage) after notice thereof, or (iii) Tenant fails to comply with its obligations under this Lease and the preservation of property or the safety of any tenant, occupant or other person is threatened, Landlord may (1) perform the same for the account of Tenant, or (2) make any expenditure or incur any obligation for the payment of money in connection with any obligation owed to Landlord, including, but not limited to, reasonable attorneys' fees and disbursements in instituting, prosecuting or defending any action or proceeding, and in either case the cost thereof, with interest thereon at the Applicable Rate, shall be deemed to be Additional Rent hereunder and shall be paid by Tenant to Landlord within thirty (30) days after rendition of any bill or statement to Tenant therefor. In addition, Tenant shall pay Landlord any reasonable attorneys' fees and disbursements incurred by Landlord in connection with any proceeding in which the value for the use and occupancy of the Premises by Tenant is being determined after the Expiration Date (whether or not any such proceeding results from a default by Tenant under this Lease).

Section 20.2. If Tenant shall fail to pay any installment of Fixed Rent, Additional Rent or any other item of Rental for a period longer than five (5) days after the same shall have become due, Tenant shall pay to Landlord, in addition to such installment of Fixed Rent, Additional Rent or other item of Rental, as the case may be, as a late charge and as Additional Rent, a sum equal to three (3%) percent of the amount unpaid, provided that with respect to the first time in any period of twelve (12) consecutive months that Tenant shall fail to pay any installment of Fixed Rent, Additional Rent or any other item of Rental for a period longer than

five (5) days after the same shall have become due, Landlord will waive such three percent (3%) late charge if Tenant shall have paid such item of Rental within five (5) Business Days after Landlord shall have given Tenant notice that such item of Rental has not been paid. If Tenant shall fail to pay any installment of Fixed Rent, Additional Rent or any other item of Rental for a period longer than ten (10) days after the same shall have become due, Tenant shall pay to Landlord, in addition to such installment of Fixed Rent, Additional Rent or other item of Rental, as the case may be, and in addition to the late charge payable by Tenant pursuant to the preceding sentence, as a late charge and as Additional Rent, a sum equal to interest at the Applicable Rate on the amount unpaid. All late charges payable by Tenant hereunder shall be computed from the date such payment was due (without regard to any grace period set forth in this Section 20.2), to and including the date of payment.

ARTICLE 21

NO REPRESENTATIONS BY LANDLORD

Section 21.1. Landlord and Landlord's agents have made no representations, warranties or promises with respect to the Building, the Real Property or the Premises except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth herein. Tenant shall accept possession of the Premises on the Commencement Date in its "as is" but vacant and broom-clean condition, except that Landlord's Work shall be Substantially Complete thereon, and Tenant shall accept the Terrace on the Commencement Date in its "as is" condition, subject to Article 41 hereof. Except for the completion of any Landlord's Work, Landlord shall have no obligation to perform any other work or make any other installations in order to prepare the Premises for Tenant's occupancy. Landlord hereby warrants against defects in Landlord's Work for a period of time following Substantial Completion equal to the period of time for which the General Contractor (as such term is defined in the Work Agreement) warrants to Landlord against defects in such work. The taking of occupancy of the whole or any part of the Premises by Tenant shall be conclusive evidence, as against Tenant, that Tenant accepts possession of the same and that the Premises and the Building were in good and satisfactory condition at the time such occupancy was so taken (except as to non-compliance with applicable Requirements caused by Landlord's failure to comply with the Final Plans (as defined in the Work Agreement) in performing Landlord's Initial Alterations Work and Hazardous Materials and latent defects) and that the Premises were substantially as shown on Schedules A, B and C. The foregoing is not intended to relieve Landlord from its repair and maintenance obligations under this Lease.

Section 21.2. All references in this Lease to the consent or approval of Landlord shall be deemed to mean the written consent or approval executed by Landlord and no other consent or approval of Landlord shall be effective for any purpose whatsoever.

ARTICLE 22

END OF TERM

Section 22.1. Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Premises and the Terrace, vacant, broom clean, in good order and condition, ordinary wear and tear excepted, and Tenant shall remove all Specialty Alterations and all Additional Specialty Alterations subject to the provisions of Section 6.1(C)(2). Tenant shall also remove all of Tenant's Property and all other personal property and personal effects of all persons claiming through or under Tenant, and shall pay the cost of repairing all damage to the Premises and the Real Property (including the Terrace) occasioned by such removal. Any Tenant's Property or other personal property that remains in the Premises or the Terrace after the Expiration Date shall be deemed to have been abandoned and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit. If such Tenant's Property or other personal property or any part thereof is sold, Landlord may receive and retain the proceeds of such sale as the property of Landlord. Any expense incurred by Landlord in removing or disposing of such Tenant's Property or other personal property or Alterations required to be removed as provided in Article 6, as well as the cost of repairing all damage to the Building (including the Terrace) or the Premises caused by such removal, shall be reimbursed to Landlord by Tenant, as Additional Rent, on demand.

Section 22.2. If the Fixed Expiration Date falls on a day which is not a Business Day, then Tenant's obligations under Section 22.1 shall be performed on or prior to the immediately preceding Business Day.

Section 22.3. If the Premises and the Terrace are not surrendered within forty-five (45) days after the expiration or other termination of this Lease, Tenant hereby indemnifies Landlord against liability or expense (including any consequential damages) resulting from delay by Tenant in so surrendering the Premises and the Terrace, including any claims made by any succeeding tenant or prospective tenant founded upon such delay and agrees to be liable to Landlord for (i) any payment or rent concession which Landlord may be required to make to any tenant obtained by Landlord for all or any part of the Premises and the Terrace as a result of such delay and (ii) the loss of the benefit of the bargain if any such tenant shall terminate its lease by reason of the holding-over by Tenant. Landlord's rights under this Section 22.3 are in addition to the holdover rental payable by Tenant under Section 39.7.

Section 22.4. Tenant expressly waives, for itself and for any person claiming through or under Tenant, any rights that Tenant or any such person may have under the provisions of Section 2201 of the New York Civil Practice Law and Rules and of any similar or successor law of like import then in force in connection with any holdover proceedings that Landlord may institute to enforce the provisions of this Article.

Section 22.5. Tenant's obligations under this Article shall survive the expiration or termination of this Lease.

ARTICLE 23

POSSESSION

Section 23.1. If Landlord shall be unable to deliver possession of the Premises on any date specified as the Commencement Date or any additional space to be included within the Premises on the specific date (if any) designated in this Lease for any reason whatsoever, then except to the extent expressly provided in this Lease, Landlord shall not be subject to any

liability therefor and the validity of this Lease shall not be impaired thereby nor the Expiration Date extended, but the Commencement Date, or the commencement date with respect to such additional space, as applicable, shall be postponed until Landlord shall notify Tenant that the Premises or such additional space, as the case may be, is available for use by Tenant. Tenant expressly waives any right to rescind this Lease under Section 223-a of the New York Real Property Law or under any present or future statute of similar import then in force and further expressly waives the right to recover any damages that may result from Landlord's failure to deliver possession of the Premises or any additional space, as the case may be, on the specific date (if any) designated for the commencement of the Term. Tenant agrees that the provisions of this Article 23 are intended to constitute "an express provision to the contrary" within the meaning of said Section 223-a of the New York Real Property Law.

ARTICLE 24

NO WAIVER

Section 24.1. No act or thing done by Landlord or Landlord's agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing signed by Landlord. No employee of Landlord or of Landlord's agents shall have any power to accept the keys to the Premises prior to the termination of this Lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises. If Tenant shall at any time desire to have Landlord sublet the Premises for Tenant's account, Landlord or Landlord's agents are authorized to receive the keys for such purpose without releasing Tenant from any of the obligations under this Lease, and Tenant hereby relieves Landlord of any liability for loss of or damage to any of Tenant's effects in connection with such subletting.

Section 24.2. The failure of either party to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or, with respect to Landlord, any of the Rules and Regulations, shall not prevent a subsequent act, which would have originally constituted a violation, from having all of the force and effect of an original violation. The receipt by Landlord of Fixed Rent, Additional Rent or any other item of Rental with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The failure of Landlord to enforce any of the Rules and Regulations against Tenant or any other tenant in the Building shall not be deemed a waiver of any such Rules and Regulations. Except as otherwise provided, no provision of this Lease shall be deemed to have been waived by either party, unless such waiver shall be in writing and shall be signed by such party. No payment by Tenant or receipt by Landlord of a lesser amount than the Rental then due and payable shall be deemed to be other than on account of the earliest item(s) of Rental, or as Landlord may elect to apply the same, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance due of the Rental or pursue any other remedy in this Lease provided. This Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged herein. Any executory agreement hereafter made shall be ineffective to change, discharge or effect an abandonment of this Lease in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, discharge or abandonment is sought.

ARTICLE 25

WAIVER OF TRIAL BY JURY

Section 25.1. Landlord and Tenant shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, whether during or after the Term, or for the enforcement of any remedy under any statute, emergency or otherwise. If Landlord shall commence any summary proceeding against Tenant, Tenant will not interpose any counterclaim of whatever nature or description in any such proceeding (unless failure to impose such counterclaim would preclude Tenant from asserting in a separate action the claim which is the subject of such counterclaim), and will not seek to consolidate such proceeding with any other action which may have been or will be brought in any other court by Tenant or Landlord.

ARTICLE 26

INABILITY TO PERFORM

Section 26.1. This Lease and the obligation of Tenant to pay Rental hereunder and to perform all of the other covenants and agreements hereunder on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord is unable to fulfill any of Landlord's obligations under this Lease, expressly or implicitly to be performed by Landlord, or because Landlord is unable to make or is delayed in making any repairs, additions, alterations, improvements or decorations, or is unable to supply or is delayed in supplying any services, equipment or fixtures, if Landlord is prevented from or delayed in so doing by reason of acts of God, casualty, strikes or labor troubles, accident, acts of war, terrorism, bioterrorism (i.e., the release or threatened release of an airborne agent that may adversely affect the Building or its occupants), governmental preemption in connection with an emergency, Requirements, conditions of supply and demand which have been or are affected by war, terrorism, bioterrorism or other emergency, delays in the issuance of any licenses, permits or certificates of occupancy or sign-offs from or by the New York City Department of Buildings or other like governmental agencies not due to the negligence, willful misconduct, acts or failures to act (where there is a duty to act) of Landlord or its agents, or any other cause whatsoever, whether similar or dissimilar to the foregoing, beyond Landlord's reasonable control ("Unavoidable Delays"). Notwithstanding the foregoing, the provisions of Article 13 shall control in all cases where the Premises have been destroyed in whole or in part.

ARTICLE 27

BILLS AND NOTICES

Section 27.1.

(A) Except as otherwise expressly provided in this Lease, any bills, statements, consents, notices, demands, requests or other communications given or required to be given under this Lease ("Notice(s)") shall be in writing and shall be deemed sufficiently given or rendered if delivered by hand (against a signed receipt), by a recognized overnight courier service (with a signed receipt) or if deposited in a securely fastened, postage prepaid envelope in a depository that is regularly maintained by the U.S. Postal Service, sent by registered or certified mail (return receipt requested) and in any case addressed:

(a) if to Tenant prior to the date on which Tenant first occupies the Premises for the conduct of its business, at Tenant's address set forth on the first page of this Lease, Attention: President, or at any place where Tenant or any agent or employee of Tenant may be found if given subsequent to Tenant's vacating, deserting, abandoning or surrendering such address, with a simultaneous copy to Tenant at Tenant's address set forth on the first page of this Lease, Attention: General Counsel.

(b) if to Tenant from and after the date on which Tenant first occupies the Premises for the conduct of its business, at the Premises, Attention: President, or at any place where Tenant or any agent or employee of Tenant may be found if given subsequent to Tenant's vacating, deserting, abandoning or surrendering such address, with a simultaneous copy to Tenant at the Premises, Attention: General Counsel,

and in the case of Notices of default, with a simultaneous copy as follows:

(i) Mintz &Gold LLP
600 Third Avenue, 25th Floor
New York, New York 10016
Attn: Alan Katz, Esq.

(c) if to Landlord, at Maple West 25th Owner, LLC c/o Normandy Real Estate Partners, 53 Maple Avenue, Morristown, New Jersey 07960, Attention: Mr. Paul Teti, with simultaneous copies to each of:

(i) Normandy Real Estate Partners
53 Maple Avenue
Morristown, New Jersey 07960
Attention: Stephen J. Cusma, Esq.
General Counsel

(ii) Loeb & Loeb LLP
345 Park Avenue
New York, New York 10154
Attention: Raymond A. Sanseverino, Esq.,

and

(iii) any Mortgagee or Lessor who may have requested the same, by Notice given in accordance with the provisions of this Article 27, at the address designated by such Mortgagee or Lessor.

Each of Landlord and Tenant may designate new address(es) for Notice by Notice given to the other in accordance with the provisions of this Article 27.

(B) Notices shall be deemed to have been rendered or given (i) on the Business Day delivered, if delivered by hand or by recognized overnight courier service, prior to 5:00 p.m. of such Business Day, or if delivered on a day other than a Business Day or after 5:00 p.m. on any day, then on the next Business Day following such delivery, or (ii) three (3) Business Days after the date mailed, if mailed as provided in Section 27.1(A). Notice given by counsel for either party on behalf of such party or by the Manager on behalf of Landlord shall be deemed valid notices if addressed and sent in accordance with the provisions of this Article.

Section 27.2. Notwithstanding the provisions of Section 27.1, (i) Notices requesting services for Overtime Periods pursuant to Article 28 may be given by delivery to the Building superintendent or any other person in the Building designated by Landlord or the Manager to receive such Notices and (ii) Landlord's Statements or other bills may be rendered by delivering them to Tenant at the Premises without the necessity of a receipt, and without providing a copy of Landlord's Statements or bills to any other party. At the end of the Term, Tenant shall advise Landlord of Tenant's forwarding address. This provision shall survive the expiration or earlier termination of this Lease.

ARTICLE 28

SERVICES AND EQUIPMENT

Section 28.1. Landlord shall, at Landlord's expense:

(A) Provide non-exclusive access to the Building's freight elevator and loading dock serving the Premises (or, at any time prior to the freight elevator being operational, to the Building's outside hoist) on call on a "first come, first served" basis during Freight Elevator Hours without additional charge to Tenant; and on a reservation, exclusive "first come, first served" basis during Overtime Periods, with a minimum block of four (4) consecutive hours to be reserved during such Overtime Periods at Landlord's Building-standard rate (which shall be commercially reasonable), which amounts shall be payable to Landlord as Additional Rent. Notwithstanding anything to the contrary contained herein, Landlord shall waive the cost of up to thirty (30) hours of freight elevator (or outside hoist, as the case may be) usage during

Overtime Periods, subject to all other requirements above (including, without limitation, the requirement that such usage be scheduled in blocks of at least four (4) hours), during Tenant's initial single-phase move in to the Premises. There shall be no charge for freight elevator (or outside hoist, as the case may be) usage in connection with Landlord's Initial Alterations Work. Landlord shall, at Landlord's expense, repair any damage to the Premises caused by the installation, existence or removal of the outside hoist.

(B) Provide passenger elevator service to the Premises on Business Days during Operating Hours, provided that at least one (1) elevator shall be available to all floors of the Premises at all times. Tenant agrees that Landlord may, at its election, install elevators with or without operators and may change the same from time to time.

(C) As soon as Tenant occupies the Premises for the conduct of its business, furnish to the Premises, through the HVAC System, during Operating Hours, chilled air and heat and/or ventilation in accordance with the Performance Specifications set forth in Section 38.1(B) hereof.; provided that Tenant shall draw and close the draperies or blinds for the windows of the Premises whenever the HVAC System is providing ventilation or air-conditioning and the position of the sun so requires and shall, at all times, cooperate fully with Landlord and abide by all of the Rules and Regulations which Landlord may prescribe for the proper functioning of the HVAC System. Tenant expressly acknowledges that some or all windows are or may be hermetically sealed and will not open and Landlord makes no representation as to the habitability of the Premises at any time the HVAC System is not in operation. Subject to Section 7.3(B) of this Lease, Tenant hereby expressly waives any claims against Landlord arising out of the cessation of operation of the HVAC System, or the suitability of the Premises when the same is not in operation, whether due to normal scheduling or the reasons set forth in Section 28.3. Landlord will not be responsible for the failure of the HVAC System if such failure results from the occupancy of the Premises by more than an average of one (1) person for each one hundred (100) square feet of usable area or if Tenant uses in excess of six (6) watts of electricity per rentable square foot of the Premises. If Tenant occupies the Premises at an occupancy rate of greater than that for which the HVAC System was designed (one (1) person per 100 square feet of usable area) or uses in excess of six (6) watts of electricity per rentable square foot, or if Tenant's partitions are arranged in such a way as to interfere with the normal operation of the HVAC System, Landlord may elect to make changes to the HVAC System or the ducts through which it operates as required by reason of such conditions, and the reasonable cost of such changes shall be reimbursed by Tenant to Landlord as Additional Rent within twenty (20) days after presentation of a bill therefor. Any dispute regarding Landlord's election to make changes to the HVAC System pursuant to the foregoing sentence shall be resolved by expedited arbitration in accordance with Article 43 of this Lease. Subject to Section 7.3, Landlord, throughout the Term, shall have free access to all mechanical installations of Landlord, including but not limited to air-cooling, fan, ventilating and machine rooms and electrical closets, and Tenant shall not construct or place partitions, furniture or other obstructions that may interfere with Landlord's free access thereto or the proper functioning of Building Systems, or interfere with the moving of Landlord's equipment to and from the enclosures containing said installations. Neither Tenant nor its agents, employees or contractors shall at any time enter the said enclosures or tamper with, adjust, touch or otherwise in any manner affect said mechanical installations. Landlord's obligations under this Section 28.1 and under Section 28.2 are subject to applicable Laws that may limit the hours or the extent to which Landlord is permitted to supply HVAC. Landlord shall have no obligation to supply HVAC to the Basement Space.

(D) Furnish hot and cold water for ordinary drinking, pantry, cleaning and lavatory purposes (specifically excluding showers) to the core restrooms in the Premises. If Tenant requires, uses or consumes water for any other purposes (including, without limitation, showers), Tenant agrees that Tenant shall install a meter or meters to measure Tenant's water consumption, and Tenant further agrees to pay for the cost of the meter or meters and the installation thereof, and to pay for the maintenance of said meter equipment. Tenant shall pay to Landlord one hundred eight percent (108%) of the cost of all water consumption measured as provided above, as Additional Rent, within thirty (30) days after bills are rendered. Tenant shall also pay the New York City sewer rents, charges and any other tax apportioned to the Premises in accordance with the measured consumption of water therein, and shall reimburse Landlord for all other costs of providing the same, as Additional Rent, within thirty (30) days after bills are rendered. Except with respect to the core restrooms and any pantries on the floors of the Building on which the Premises are located, Tenant shall pay all costs of generating hot water for Tenant's use.

(E) Landlord shall not be obligated to provide cleaning of the Premises or refuse or rubbish removal for the Premises, except that Landlord shall clean the interior and exterior of the exterior windows of the Premises twice yearly. Tenant shall contract with reputable contractors, duly licensed and qualified, to perform janitorial services and extermination services in the Premises. The level of service provided by the janitorial contractor shall, at a minimum, include the nightly cleaning and re-stocking of restrooms that are part of the Premises, the proper collection and disposal of rubbish and recyclables as provided in this Lease and the general cleaning of the Premises to a level commensurate with that customarily provided in tenant-cleaned spaces in first-class office buildings similar to the Building. Tenant shall have the option of utilizing Landlord's base building cleaning and extermination contractors, but will be required to contract directly with any such contractor and to pay such contractor directly for all services rendered to the Premises. Landlord shall in no event be responsible for the oversight or performance of any work in the Premises by any of Landlord's base building contractors and shall not be a party to any contract between the Tenant and any contractor. Landlord shall have the right to terminate its contract with any contractor at any time, without regard to any contracts that may exist between the Tenant and any contractor. Landlord will provide Tenant's cleaning, rubbish removal and pest control contractors with access to the Building at commercially reasonable times for the purpose of performing their contracted duties. Tenant shall provide Landlord with a schedule of Tenant's contractors and their employees requiring access and shall be responsible for updating such schedule at all times, and in no event shall Landlord have any liability to Tenant whatsoever for denying access to any contractor's employees who are not on such schedule. Tenant shall be responsible for providing its contractors with access to the Premises and for providing the contractors with any keys, access cards or codes as necessary. Tenant shall be responsible for controlling each of its contractors' use and possession of all keys, access cards and codes. All of the equipment of such contractors shall be stored within the Premises or removed from the Building.

(F) (i) Tenant shall, at its sole cost and expense, comply with all Requirements with respect to the recycling or sorting of refuse and rubbish, and, without limiting the generality of the foregoing, (a) shall recycle spent products, including toner cartridges, copier drums and fluorescent tubes, and (b) shall provide facilities in the Premises for separate storage and recycling of each of the following: (x) paper products and cardboard, (y) aluminum, glass and plastic, and (z) food wastes and so-called "wet garbage". Tenant shall arrange and require its employees working in the Premises to participate in annual training regarding recycling and shall participate in Landlord-sponsored training programs regarding recycling. Landlord reserves the right to refuse to collect or accept from Tenant any refuse or rubbish which is not separated and sorted as required and to require Tenant to arrange for such collection, at Tenant's sole cost and expense, using a contractor reasonably satisfactory to Landlord.

(ii) Tenant shall cause the Premises to be treated against infestation by vermin, rodents or roaches on at least a monthly basis, and more frequently, as necessary, whenever there is evidence of any infestation. Tenant shall not permit any Person to enter the Premises or the Building for the purpose of providing such extermination services, unless such Person has been approved by Landlord (such approval not to be unreasonably withheld, conditioned or delayed).

(G) If the "sprinkler system" installed in the Building or any of its appurtenances are damaged or injured or not in proper working order by reason of any act or omission of Tenant or of Persons Within Tenant's Control, Tenant shall forthwith restore the same to good working condition at Tenant's expense; and if the New York Board of Fire Underwriters or the New York Insurance Rating Organization or any Government Authority requires or recommends that any changes, modifications, alterations or additional sprinkler heads or other equipment be made or supplied by reason of Tenant's business, or the location of the partitions, trade fixtures, or other contents of the Premises, Landlord shall, at Tenant's expense, promptly make and supply such changes, modifications, alterations, additional sprinkler heads or other equipment (pursuant to submission of necessary engineering plans and specifications for Landlord's approval).

(H) Subject to compliance with Landlord's Rules and Regulations and security protocols for the Building, Tenant shall have access to the Building and the Premises twenty-four (24) hours per day, seven (7) days per week.

(I) So long as the Tenant shall lease at least two (2) contiguous full floors, Tenant shall have the right to use the fire staircase connecting contiguous floors of the Premises (the "Convenience Stairs") solely as convenience stairs in accessing each floor of the Premises; provided, that Tenant, at its sole cost and expense, complies with all applicable Requirements in connection with such use as convenience stairs as opposed to fire stairs (it being understood that Landlord and Landlord's authorized personnel shall be permitted to use such Fire Stairs in connection with the operation and maintenance of the Building). In using the Convenience Stairs and in preparing said Convenience Stairs for use by Tenant, Tenant shall be responsible for all incremental costs and expenses in connection therewith (including any increase in Landlord's insurance costs resulting from Tenant's use thereof and any additional out-of-pocket costs to Landlord resulting from the need to install, maintain and provide electricity to continuous lighting fixtures serving the Convenience Stairs) and shall comply with the terms of this Lease and all applicable Requirements for use as convenience stairs applicable to the Building. If Tenant so utilizes the Convenience Stairs as convenience stairs, then, unless

Landlord directs Tenant otherwise, Tenant shall maintain and repair at its sole cost and expense the Convenience Stairs, including, without limitation, the periodic painting and cleaning thereof in a manner appropriate for a First Class Office Building. In no event shall Tenant be permitted to store any equipment, furniture, storage boxes or any other personal property whatsoever in the Convenience Stairs. Tenant shall be solely responsible for the operation of the locking system on the doors from the Convenience Stairs to the Premises and hereby waives any and all claims against Landlord arising out of or in connection with parties gaining access to and from the Premises through the Convenience Stairs. All of the provisions of this Lease in respect of indemnification shall apply to the Convenience Stairs, as if the same were part of the Premises, if and to the extent any such indemnification obligation arises from the use or misuse or maintenance of or alterations to the Convenience Stairs by Tenant or anyone claiming by, through or under Tenant. Tenant shall have the right to install, in accordance with Article 6 hereof and to the extent permitted by Requirements, (x) a security system in the Convenience Stairs, that shall be able to connect to the Class E system that constitutes part of the Building Systems, and security cameras that seek to prevent unauthorized persons from entering the Premises from the Convenience Stairs and/or the egress doors, and (y) reasonable finishes in the Convenience Stairs (such as floor covering, paint and lighting) and such signage in the Convenience Stairs as is approved by Landlord in its sole discretion, in either case at Tenant's expense).

(J) Landlord shall provide one telecommunications closet located on each floor of the Premises, as shown hatched on Schedule N attached hereto (the "Telecommunications Closets"), which will contain multiple conduits for Tenant's use. Tenant shall have access to a 4' conduit or existing conduit sleeve within the Telecommunications Closets at no additional cost to Tenant. As of the date hereof, telecommunication providers have not yet been established for Building, but Landlord intends that (x) the Building will contain a new fiber-optic system to manage modern data requirements and (y) that Tenant will have access to no less than two providers for telecommunications services. If Tenant determines that the telecommunication providers for the Building are not acceptable for Tenant's telecommunication needs, Tenant shall have the right to use a different telecommunication provider ("Tenant's Telecom Provider"), provided that (i) Tenant's Telecom Provider shall enter into a commercially reasonable contract with Landlord, acceptable to Landlord, for the provision of telecommunication services to the Premises, (ii) Tenant shall reimburse Landlord as Additional Rent for all costs of the provision of services by Tenant's Telecom Provider, within twenty (20) days after the date that Landlord gives to Tenant an invoice therefor from time to time and (iii) Tenant shall indemnify Landlord for the costs and expenses of any repairs to the Premises and/or the Building which Landlord deems necessary due to damage to the Premises and/or the Building caused by Tenant's Telecom Provider.

Section 28.2. In furtherance of and without limiting the provisions of Section 28.1(D) hereof, the Fixed Rent does not reflect or include any charge to Tenant for the furnishing of HVAC service to the Premises during Overtime Periods. Accordingly, if Landlord furnishes any HVAC service to the Premises at the request of Tenant during Overtime Periods, Tenant shall pay Landlord Additional Rent for such services at the rate of $150.00 per full floor per hour (provided, however, that Tenant shall pay Landlord Additional Rent at the discounted rate of $50.00 per full floor per hour for the first one thousand (1,000) hours of HVAC service provided to Tenant during Overtime Periods each calendar year during the Term). Landlord shall not be

required to furnish any such services during any Overtime Periods unless Landlord has received advance notice from Tenant requesting such services prior to 3:00 p.m. of the Business Day upon which such services are requested or by 3:00 p.m. of the last preceding Business Day if such Overtime Periods are to occur on a day other than a Business Day. If Tenant fails to give Landlord such advance notice, then failure by Landlord to furnish or distribute any such services during such Overtime Periods shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rental, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business or otherwise.

Section 28.3. Subject to Section 7.3 hereof, Landlord reserves the right to stop the furnishing of the Building services and to stop service of the Building Systems, when necessary, by reason of accident, or emergency, or for Alterations in the judgment of Landlord desirable or necessary to be made, until said Alterations shall have been completed; and Landlord shall have no responsibility or liability for failure to supply air-conditioning, ventilation, heat, elevator, plumbing, electric, or other services during said period or when prevented from so doing by strikes, lockouts, labor troubles, difficulty of obtaining materials, accidents or by any cause beyond Landlord's reasonable control that is related to such failure to provide services, or by Requirements or failure of electricity, water, steam, coal, oil or other suitable fuel or power supply, or inability by exercise of reasonable diligence to obtain electricity, water, steam, coal, oil or other suitable fuel or power. No diminution or abatement of rent or other compensation shall or will be claimed by Tenant as a result therefrom, nor shall this Lease or any of the obligations of Tenant be affected or reduced by reason of such interruption, curtailment or suspension, nor shall the same constitute an actual or constructive eviction. Without limiting events that may constitute "any cause beyond Landlord's reasonable control," the following are items which Landlord and Tenant agree are beyond Landlord's reasonable control:

(i) Lack of access to the Building or the Premises (which shall include, but not be limited to, the lack of access to the Building or the Premises when it or they are structurally sound but inaccessible due to evacuation of the surrounding area or damage to nearby structures or public areas);

(ii) Any cause outside the Building (not caused by Landlord or

its employees or agents);

(iii) Reduced air quality or other contaminants within the Building that would adversely affect the Building or its occupants (including, but not limited to, the presence of biological or other airborne agents within the Building or the Premises);

(iv) Disruption of mail and deliveries to the Building or the Premises resulting from a casualty;

(v) Disruption of telephone and telecommunications services to the Building or the Premises resulting from a casualty; or

(vi) Blockages of any windows, doors, or walkways to the Building or the Premises resulting from a casualty.

Section 28.4. Tenant agrees to cooperate fully with Landlord, and to abide by all requirements which Landlord may prescribe, to ensure the most effective and energy-efficient operation of the Building, and for the proper protection and functioning of its Building Systems and the furnishing of the Building services. Tenant further agrees to cooperate with Landlord in any conservation effort pursuant to a program or procedure promulgated or recommended by ASHRAE or the public utility serving the Building.

Section 28.5. Landlord shall have no obligation to clean, repair, replace or maintain any "private" plumbing fixtures or facilities (i.e., plumbing fixtures and facilities other than those that would be the common toilets in a multi-tenant floor) or the rooms in which they are located.

Section 28.6. Subject to all of the provisions of this Lease governing Alterations, including, but not limited to, the submission of plans and specifications and the obtaining of Landlord's consent to same as required under Article 6, Tenant, at Tenant's sole cost and expense, shall have the right to install supplemental air-conditioning units in the Premises ("Supplemental A/C Units"). Subject to the following provisions, including, without limitation, the last sentence of this Section 28.6, in the event that Tenant elects to install any Supplemental A/C Units, Landlord shall make available to Tenant for its use at all times throughout the Term, up to twenty (20) tons of condenser water (the "Maximum Number of Tons") for the Supplemental A/C Units, at Landlord's standard rates, which as of the date of this Lease are as follows: an annual fee of $500.00 per ton connected to Tenant's Supplemental A/C Units, payable in monthly installments (such initial and annual fees as may be in effect from time to time during the Term of this Lease, the "Condenser Water Charges"). Landlord shall provide valved and capped outlets at Landlord's sole cost. When applicable throughout the Term, Tenant shall pay to Landlord, as Additional Rent, within thirty (30) days after receipt of each bill therefor, the Condenser Water Charges. If Tenant installs any Supplemental A/C Units, Tenant, at Tenant's sole cost and expense, shall maintain and repair the same using a contractor reasonably acceptable to Landlord pursuant to a maintenance contract reasonably acceptable to Landlord. Landlord, at Tenant's cost, shall install a meter to measure the electricity required to operate the Supplemental A/C Units (or, at Landlord's option, Landlord may connect the Supplemental A/C Units to the submeter(s) referred to in Article 4 at Tenant's expense), and Tenant shall pay for the cost of such electricity as shown on such submeter(s) within thirty (30) days after receipt of each bill therefor in accordance with the provisions of Article 4. Any Supplemental A/C Units so installed by or on behalf of Tenant shall be sized for maximum efficiency and shall have an equipment energy efficiency rating of not less than that prescribed by ASHRAE Standard 90.1-2010. Notwithstanding the foregoing, Landlord shall reserve up to the Maximum Number of Tons of condenser water for Tenant's use through and including the first anniversary of the Commencement Date, after which time, if Tenant shall not have requested that Landlord make all or any portion of such capacity available or connected all or any portion of such capacity to Tenant's Supplemental A/C Units (with time being of the essence), Landlord shall no longer be required to maintain the same for Tenant's exclusive use, provided that Tenant may thereafter request condenser water as set forth herein, subject to availability.

Section 28.7. Subject to the terms and conditions of this Lease, Landlord shall provide security services and procedures to the Building at the levels then being maintained by other owners of first-class office buildings in Manhattan that are of comparable size and location and taking into account any unique features of the Building and the Building's layout and similar qualifications, it being agreed that (i) in no event shall Landlord have any liability to Tenant, or shall Tenant be entitled to any rent abatement, in the event that Tenant suffers any loss, damage, cost or expense as a result of any security incident occurring in or about the Building and (ii) nothing contained herein shall be construed to permit Tenant to control or monitor Landlord's system of security services and procedures.

ARTICLE 29

PARTNERSHIP TENANT

Section 29.1. If Tenant is a partnership, or is comprised of two (2) or more persons, individually or as co-partners of a partnership (any such partnership and such persons are referred to in this Article 29 as "Partnership Tenant"), or if Tenant's interest in this Lease shall be assigned to a Partnership Tenant, the following provisions shall apply to such Partnership Tenant: (a) the liability of each of the parties comprising Partnership Tenant shall be joint and several; (b) each of the parties comprising Partnership Tenant hereby consents in advance to, and agrees to be bound by (i) any written agreement that may hereafter be executed by Partnership Tenant or any successor entity, changing, extending or discharging this Lease, in whole or in part, or surrendering all or any part of the Premises to Landlord, and (ii) any Notices that may hereafter be given by Partnership Tenant or by any of the parties comprising Partnership Tenant; (c) any Notices given or rendered to Partnership Tenant or to any of such parties shall be binding upon Partnership Tenant and all such parties; (d) if Partnership Tenant admits new partners, all of such new partners shall, by their admission to Partnership Tenant, be deemed to have assumed joint and several liability for the performance of all of the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed; (e) Partnership Tenant shall give prompt notice to Landlord of the admission of any such new partners, and upon demand of Landlord, shall cause each such new partner to execute and deliver to Landlord an agreement in form satisfactory to Landlord, wherein each such new partner assumes joint and several liability for the performance of all the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed (but neither Landlord's failure to request any such agreement nor the failure of any such new partner to execute or deliver any such agreement to Landlord shall vitiate the provisions of clause (d) of this Article 29); and (f) any present or future partner of Partnership Tenant who is no longer a partner of Partnership Tenant at the time of any default under this Lease shall, nevertheless, remain liable for the obligations of Tenant under this Lease, as if any such partner had been a partner of Partnership Tenant on the date of such default.

ARTICLE 30

VAULT SPACE

Section 30.1. Notwithstanding anything contained in this Lease or indicated on any sketch, blueprint or plan, any vaults, vault space or other space outside the boundaries of the Real Property are not included in the Premises. Landlord makes no representation as to the

location of the boundaries of the Real Property. All vaults and vault space and all other space outside the boundaries of the Real Property which Tenant may be permitted to use or occupy are to be used or occupied under a revocable license, and if any such license is revoked, or if the amount of such space is diminished or required by any Government Authority or by any public utility company, such revocation, diminution or requisition shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rental, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord. Any fee, tax or charge imposed by any Government Authority for any such vaults, vault space or other space occupied by Tenant shall be paid by Tenant.

ARTICLE 31

SIGNS

Section 31.1. Subject to compliance with all Requirements, Tenant shall have the right to install and maintain on the roof of the Building on the exterior of the Penthouse Space identifying signage approved by Landlord in its sole discretion, and the location, design, and the method by which the same may be affixed to the Building are also subject to Landlord's approval in its sole discretion. Tenant shall have the right to maintain identifying signage on the entrance door to the Premises and, so long as Tenant shall lease the entire rentable area of such floor, in the elevator lobby on the floor on which the Premises is located. If during the Term hereof, any other tenant of space in the Building leases space in the Building comprising the same RSF or fewer RSF than Tenant is then occupying in the Premises, and Landlord gives such tenant the right to install signage in the lobby of the Building, then Tenant shall have the right to install, at Tenant's sole cost and expense, and have its name and logo displayed on, comparable signage in the lobby of the Building in a visible location to be determined at Landlord's sole discretion. For the avoidance of doubt, in the event any tenant of space in the Building leases space in the Building comprising more than the RSF Tenant is then occupying in the Premises and such other tenant is granted the right to install signage in the lobby of the Building, Tenant shall not have the right to install signage in the lobby of the Building. In no event shall Tenant have the right to install any signage on the exterior of the Building, except as otherwise provided in the first sentence of this Section 31.1. The rights granted to Tenant under this Section 31.1 are personal to the Tenant named in this Lease and any Person that succeeds to such named Tenant pursuant to Section 15.3(B) of this Lease, but may not be exercised by any other Tenant. Except as provided in the first and third sentences of this Section 31.1, the size, materials, quality, design, color and lettering of any signs desired by Tenant and permitted by this Lease shall be subject to the prior approval of Landlord (which shall not be unreasonably withheld) and shall be in compliance with all Requirements. At Landlord's option, Landlord may install any such signs, and Tenant shall pay all costs associated with such installation, as Additional Rent, within twenty (20) days after demand therefor.

Section 31.2. Landlord shall make available to Tenant in any directory then maintained for the Building (the "Directory") such listings as may be requested by Tenant from time to time pursuant to this Section 31.2, provided that if such Directory is not computerized, the number of listings shall be limited to Tenant's Tax Share of the total number of listings available. The initial listing shall be without charge to Tenant. From time to time, Landlord shall revise any Directory then maintained to reflect such changes in the listings therein as Tenant may request, and Tenant within thirty (30) days after demand by Landlord shall pay to Landlord, as Additional Rent, Landlord's reasonable administrative charge for each requested revision, provided that there shall be no administrative charge for the initial listings requested by Tenant.

ARTICLE 32

BROKER

Section 32.1. Landlord represents and warrants to Tenant that Landlord has not dealt with any broker or Person in connection with this Lease other than the Broker. Tenant represents and warrants to Landlord that Tenant has not dealt with any broker or Person in connection with this Lease other than the Broker. The execution and delivery of this Lease shall be conclusive evidence that the parties have relied upon the foregoing representation and warranty. Landlord and Tenant shall indemnify and hold harmless the other party from and against any and all claims for commission, fee or other compensation by any Person (other than the Broker with respect to Tenant's indemnity to Landlord) who claims to have dealt with the indemnitor in connection with this Lease and for any and all costs incurred by the indemnitee in connection with such claims, including, without limitation, attorneys' fees and disbursements. Landlord shall pay Broker its commission pursuant to separate agreement. This provision shall survive the expiration or earlier termination of this Lease.

ARTICLE 33

INDEMNITY

Section 33.1. Tenant shall not do or permit any act or thing to be done upon the Premises or the Real Property (including the Terrace) that may subject any Indemnitee to any liability or responsibility for injury, damage to persons or property or to any liability by reason of the existence or application of, compliance with or violation of any Requirement, but shall exercise such control over the Premises and the Terrace as to protect each Indemnitee fully against any such liability and responsibility. Except to the extent caused by the willful misconduct or negligence of Landlord or its principals, officers and employees, Tenant shall indemnify and save harmless the Indemnitees from and against (a) all claims of whatever nature against the Indemnitees to the extent arising from any willful misconduct or negligence of Tenant or Persons Within Tenant's Control, (b) all claims against the Indemnitees arising from any accident, injury or damage whatsoever caused to any person or to the property of any person and occurring in or about the Premises or the Terrace during the Term or during Tenant's occupancy of the Premises or the Terrace, (c) all claims against the Indemnitees arising from any accident, injury or damage occurring outside of the Premises and the Terrace but anywhere within or about the Real Property, where such accident, injury or damage results or is claimed to have resulted from an act, omission (where there is a duty to act) or negligence of Tenant or Persons Within Tenant's Control, and (d) any breach, violation or non-performance of any covenant, condition or agreement contained in this Lease to be fulfilled, kept, observed and performed by Tenant. This indemnity and hold harmless agreement shall include indemnity from and against any and all liability, fines, suits, demands, costs and expenses of any kind or nature (including, without limitation, reasonable attorneys' fees and disbursements) incurred in or in connection with any such claim or proceeding brought thereon, and the defense thereof, and all collection costs (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Landlord in enforcing this indemnity provision against Tenant.

Section 33.2. If any claim, action or proceeding is made or brought against any Indemnitee, against which claim, action or proceeding Tenant is obligated to indemnify such Indemnitee pursuant to the terms of this Lease, then, upon demand by the Indemnitee, Tenant, at its sole cost and expense, shall resist or defend such claim, action or proceeding in the Indemnitee's name, if necessary, by such attorneys as the Indemnitee may select, including, without limitation, attorneys for the Indemnitee's insurer. The provisions of this Article 33 shall survive the expiration or earlier termination of this Lease.

ARTICLE 34

ADJACENT EXCAVATION; SHORING

Section 34.1. If an excavation shall be made upon land adjacent to the Building, or shall be authorized to be made, Tenant shall, upon reasonable advance notice, afford to the person causing or authorized to cause such excavation, license to enter upon the Premises and the Terrace for the purpose of doing such work as said person shall deem necessary to preserve the walls of the Building from injury or damage and to support the same by proper foundations without any claim for eviction or constructive eviction, damages or indemnity against Landlord, or diminution or abatement of Rental, provided that Tenant continues to have access to the Premises.

ARTICLE 35

SECURITY DEPOSIT

Section 35.1. On or before 5:00 P.M. EST on December 18, 2015, Tenant shall deposit with Landlord the Security Deposit by Letter of Credit (as defined and further described in Section 35.2), as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease. Failure to deposit the Security Deposit by such date (time being of the essence) shall constitute an Event of Default. Tenant agrees that in the event (i) of the occurrence of an Event of Default or (ii) Tenant has defaulted in the performance of any of its obligations under this Lease, including the payment of any item of Rental, and the transmittal of a Notice of default by Landlord is barred by applicable law, Landlord may draw the entire amount of the Letter of Credit and use, apply or retain the whole or any part of such proceeds, to the extent required for the payment of any Fixed Rent, Escalation Rent, or any other sum as to which Tenant is in default, or for any sum that Landlord may expend or may be required to expend by reason of the default (including any damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord). If Landlord applies or retains any portion or all of the proceeds of the Letter of Credit, Tenant shall forthwith restore the amount so applied or retained by delivering an additional or new Letter of Credit so that, at all times, the amount of the Security Deposit shall be the amount set forth on the Reference Page. Provided there is no uncured default, any balance of the proceeds of the Letter of Credit held by Landlord and not used, applied or retained by Landlord as above provided, and any remaining Letter of Credit, shall be returned to Tenant after the Fixed Expiration Date and after delivery of possession of the entire Premises and the Terrace to Landlord in accordance with the terms of this Lease.

Section 35.2. Tenant shall deliver to Landlord a clean, irrevocable and unconditional letter of credit (such letter of credit, and any replacement thereof as provided herein, is called a "Letter of Credit") issued and drawn upon any commercial bank approved by Landlord with offices for banking purposes in the City of New York ("Issuing Bank"), which Letter of Credit shall have a term of not less than one year, be in form and content annexed as Schedule I hereto, be for the account of Landlord and be in the amount of the Security Deposit set forth in the Reference Page. The Issuing Bank shall have combined capital, surplus and undivided profits of at least $500 million and a financial strength rating of at least "A" and a long-term rating of at least "Aa", as published by Moody's Investors Services, Inc., or its successor (collectively, the "Issuing Bank Criteria"). If at any time during the Term, the Issuing Bank does not maintain the Issuing Bank Criteria, then Landlord may so notify Tenant and, unless Tenant delivers a replacement Letter of Credit from another bank meeting the Issuing Bank Criteria within thirty (30) days after receipt of such notice, Landlord may draw the full amount of the Letter of Credit and hold the proceeds as a cash security deposit in accordance with all Laws. The Letter of Credit shall provide that:

(A) The Issuing Bank shall pay to Landlord or its duly authorized representative an amount up to the face amount of the Letter of Credit upon presentation of the Letter of Credit and a sight draft in the amount to be drawn;

(B) The Letter of Credit shall be deemed to be automatically renewed, without amendment, for consecutive periods of one year each during the Term, unless the Issuing Bank sends written notice (the "Non-Renewal Notice") to Landlord by certified or registered mail, return receipt requested, at least sixty (60) days prior to the expiration date of the Letter of Credit, to the effect that it elects not to have such Letter of Credit renewed;

(C) The Letter of Credit delivered in respect of the last year of the Term shall have an expiration date of not earlier than sixty (60) days after the Fixed Expiration Date (or, if the Renewal Option has been exercised, an expiration date of not earlier than sixty (60) days after the expiration date of the Renewal Term); and

(D) The Letter of Credit shall be transferable by Landlord as provided in Section 35.4.

Section 35.3. Landlord, after receipt of the Non-Renewal Notice, shall have the right to draw the entire amount of the Letter of Credit and to hold the proceeds as a cash Security Deposit. Landlord shall release such proceeds to Tenant upon delivery to Landlord of a replacement Letter of Credit complying with the terms hereof.

Section 35.4. In the event of the sale or lease of the Building or the Real Property, Landlord shall transfer the Security Deposit, without charge for such transfer, to the purchaser or lessee, and Landlord shall thereupon be released by Tenant from all liability for the return of such Security Deposit. In such event, Tenant agrees to look solely to the new Landlord for the return of said Security Deposit. It is agreed that the provisions hereof shall apply to every transfer or assignment made of the Security Deposit to a new Landlord. Tenant shall execute such documents as may be necessary to accomplish such transfer or assignment of the Letter of Credit.

Section 35.5. Tenant covenants that it will not assign or encumber, or attempt to assign or encumber, the Security Deposit held hereunder, and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment, or attempted encumbrance. In the event that any bankruptcy, insolvency, reorganization or other debtor-creditor proceedings shall be instituted by or against Tenant, its successors or assigns, or any guarantor of Tenant hereunder, the security shall be deemed to be applied to the payment of the Fixed Rent and Additional Rent due Landlord for periods prior to the institution of such proceedings and the balance, if any, may be retained by Landlord in partial satisfaction of Landlord's damages.

Section 35.6.

(A) Provided that no Event of Default shall have occurred and be continuing, Tenant may reduce the Security Deposit to the amount of $2,086,746.39 upon the later of (i) the date that is twenty-four (24) months after the Fixed Rent Step-up Calculation Commencement Date and (ii) the date on which Tenant provides to Landlord audited financial statements dated not more than nine (9) months before the same shall be provided to Landlord evidencing that Tenant has achieved at least $100,000,000.00 in gross revenues for the twelve (12) month period reflected in such financial statements, which financial statements shall have been prepared by an accounting firm reasonably acceptable to Landlord, and such accounting firm shall not have issued an audit opinion questioning Tenant's ability to continue as a going concern. Such reduction (the "First Security Deposit Reduction") shall be effected by (x) Tenant exchanging a replacement Letter of Credit meeting the requirements of this Article 35 in the reduced amount for the existing Letter of Credit, or (y) the Issuing Bank delivering an amendment to the Letter of Credit reducing the amount thereof (but which does not otherwise amend or modify same), which Landlord shall promptly countersign or authorize in writing if required by the Issuing Bank.

(B) Provided that no Event of Default shall have occurred and be continuing, Tenant may further reduce the Security Deposit to the amount of $1,391,164.26 upon the later of (i) the date that is thirty-six (36) months after the Fixed Rent Step-up Calculation Commencement Date, (ii) the date which is twelve (12) months after First Security Deposit Reduction and (iii) the date on which Tenant provides to Landlord audited financial statements dated not more than nine (9) months before the same shall be provided to Landlord evidencing that Tenant has achieved at least $300,000,000.00 in gross revenues for the twelve (12) month period reflected in such financial statements, which financial statements shall have been prepared by an accounting firm reasonably acceptable to Landlord, and such accounting firm shall not have issued an audit opinion questioning Tenant's ability to continue as a going concern. Such reduction shall be effected by (x) Tenant exchanging a replacement Letter of Credit meeting the requirements of this Article 35 in the reduced amount for the existing Letter of Credit, or (y) the Issuing Bank delivering an amendment to the Letter of Credit reducing the amount thereof (but which does not otherwise amend or modify same), which Landlord shall promptly countersign or authorize in writing if required by the Issuing Bank. In no event shall the Security Deposit be further reduced to an amount below $1,391,164.26.

ARTICLE 36

RENT REGULATION

Section 36.1. If at any time or times during the Term of this Lease, the Rental reserved in this Lease is not fully collectible by reason of any Requirement, Tenant shall enter into such agreements and take such other steps (without additional expense to Tenant) as Landlord may request and as may be legally permissible to permit Landlord to collect the maximum rents that may from time to time during the continuance of such legal rent restriction be legally permissible (and not in excess of the amounts reserved under this Lease). Upon the termination of such legal rent restriction (a) the Rental shall become and thereafter be payable hereunder in accordance with the amounts reserved in this Lease for the remainder of the Term, and (b) Tenant shall pay to Landlord, if legally permissible, an amount equal to (i) the items of Rental that would have been paid pursuant to this Lease but for such legal rent restriction less (ii) the rents paid by Tenant to Landlord during the period or periods such legal rent restriction was in effect. This provision shall survive the expiration or earlier termination of this Lease to the maximum enforceable extent.

ARTICLE 37

COVENANT OF QUIET ENJOYMENT

Section 37.1. Landlord covenants that, upon Tenant paying the Fixed Rent and Additional Rent and observing and performing all the terms, agreements, covenants, provisions and conditions of this Lease on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the Premises, subject nevertheless to the terms and conditions of this Lease, and provided, however, that no eviction of Tenant by reason of the foreclosure of any Mortgage now or hereafter affecting the Premises or by reason of any termination of any Superior Lease to which this Lease is subject and subordinate, whether such termination is effected by operation of law, by agreement or otherwise, shall be construed as a breach of this covenant nor shall any action by reason thereof be brought against Landlord, and provided further that this covenant shall bind and be enforceable against Landlord or any successor to Landlord's interest, subject to the terms hereof, only so long as Landlord or any successor to Landlord's interest, is in possession and is collecting rent from Tenant but not thereafter.

ARTICLE 38

LANDLORD'S WORK

Section 38.1. Landlord, at its expense, shall perform the work set forth in the plans and specifications listed on Schedule R, including, without limitation, the following work in the Premises in a good and workerlike manner in compliance with applicable Requirements ("Landlord's Base Building Work"):

(A) Fireproofing of any exposed structural steel located in the Premises ready for Tenant's paint. Fire-stop any shafts, pipe penetrations and core walls located within the Premises in accordance with applicable code. Any fireproofing to be finished so as to be capable of accepting Tenant's paint.

(B) The water-cooled HVAC units provided by Landlord pursuant to the plans and specifications listed on Schedule R shall be designed to achieve the following performance characteristics (the "Performance Specifications"), provided the occupancy of the Premises shall not exceed by more than an average of one (1) person for each one hundred (100) square feet of rentable area and Tenant shall not use in excess of six (6) watts of electricity per rentable square foot of the Premises:

- Outside Design Conditions of 92.1°F dB, 74.4°F wB for the summer season and 12.8°F dB for the winter season.
- Inside Design Conditions of 75°F dB ± 2°F in cooling mode and 70°F dB ± 2°F in heating mode.
- Condenser water supply temperature of 85°F and condenser water return temperature of 100°F on a design cooling day.
- Minimum condenser water supply temperature of 50°F.

Nothing contained in this clause (B) shall be deemed to preclude Tenant from setting the thermostats in the Premises to temperatures determined by Tenant.

(C) Patch all ceilings and columns located in the Premises so that they are ready to accept paint to be applied as part of Landlord's Initial Alterations Work on behalf of Tenant.

(D) Concrete slab within the Premises shall be cleaned, patched and sealed and delivered reasonably smooth with all holes, core drills or other perforations in the slab patched and fire stopped. Floor leveling material to be installed so as to provide smooth finish and as level as possible and ready for Tenant finishes.

(E) Install fin tube radiation heating elements and brick façade in the Tenth Floor Premises and the Eleventh Floor Premises finished to a mutually agreed upon standard, inclusive of exposed brick beneath the window sill (where applicable). Landlord to provide new sheetrock knee wall from floor to bottom of windows throughout the space.

(F) The entire envelope shall be sealed and weather/ water tight including new roof.

(G) Landlord to deliver interior perimeter partitions including brick, CMU, etc. patched and in good condition so as to give appearance of being new.

Section 38.2. In addition to Landlord's Base Building Work, Landlord shall diligently perform the work described in Schedule M (the "Work Agreement"), at Landlord's cost (up to but not in excess of Landlord's Maximum Contribution) to prepare the Premises for Tenant's initial occupancy, subject to and in accordance with the terms and conditions of the Work

Agreement and the terms and conditions of this Lease. Except as expressly set forth in this Lease, in no event shall Landlord be subject to any liability, nor shall the validity of this Lease be impaired, if Landlord fails to deliver possession of the Premises to Tenant with Landlord's Work Substantially Completed by any particular date.

ARTICLE 39

MISCELLANEOUS

Section 39.1. This Lease is presented for signature by Tenant and it is understood that this Lease shall not constitute an offer by or be binding upon Landlord unless and until Landlord shall have executed and delivered a fully executed copy of this Lease to Tenant. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart of this Lease may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart of this Lease identical thereto except having an additional signature page executed by the other party to this Lease attached thereto. Any counterpart of this Lease may be delivered via facsimile, email or other electronic transmission, and shall be legally binding upon the parties hereto to the same extent as originals.

Section 39.2. The obligations of Landlord under this Lease shall not be binding upon Landlord named herein after the sale, conveyance, assignment or transfer by such Landlord (or upon any subsequent landlord after the sale, conveyance, assignment or transfer by such subsequent landlord) of its interest in the Building or the Land, as the case may be, and in the event of any such sale, conveyance, assignment or transfer, Landlord shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord under this Lease thereafter arising, provided the transferee shall assume or be deemed to have assumed (either expressly or by operation of law), subject to the remaining provisions of this Section 39.2, all obligations of the Landlord under this Lease arising after the effective date of the transfer. No trustee, partner, shareholder, director, officer, employee, or principal, direct or indirect, of Landlord (collectively, the "Parties") shall have any direct or personal liability for the performance of Landlord's obligations under this Lease, and Tenant shall look solely to the interest of Landlord in and to the Real Property to enforce Landlord's obligations hereunder and shall not otherwise seek any damages against Landlord personally or any of the Parties whatsoever. Tenant shall not look to any other property or assets of Landlord or any property or assets of any of the Parties in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations.

Section 39.3. Notwithstanding anything contained in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated Fixed Rent, Escalation Rent, Additional Rent or Rental, shall constitute rent for the purposes of Section 502(b)(7) of the Bankruptcy Code.

Section 39.4. Neither this Lease nor any memorandum of this Lease shall be recorded.

Section 39.5. Except as otherwise expressly stated in this Lease, any consent or approval required to be obtained from Landlord may be granted or withheld by Landlord in its sole discretion. In any instance in which Landlord agrees not to act unreasonably, Tenant hereby waives any claim for damages against or liability of Landlord that Tenant may have based upon any assertion that Landlord has unreasonably withheld or unreasonably delayed any consent or approval requested by Tenant, and Tenant agrees that, its sole remedy shall be an action or proceeding to enforce any related provision or for specific performance, injunction or declaratory judgment. If with respect to any required consent or approval, (x) Landlord is required by the express provisions of this Lease not to unreasonably withhold or delay its consent or approval, and (y) it is determined in any such proceeding referred to in the preceding sentence that Landlord acted unreasonably, the requested consent or approval shall be deemed to have been granted; however, Landlord shall have no liability whatsoever to Tenant for its refusal or failure to give such consent or approval. Tenant's sole remedy for Landlord's unreasonably withholding or delaying consent or approval shall be as provided in this Section 39.5.

Section 39.6.

(A) Tenant represents and warrants that to its actual knowledge (a) Tenant and each person or entity owning an interest in Tenant is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States Laws, regulation, or Executive Order of the President of the United States, (b) none of the funds of Tenant have been derived from any unlawful activity with the result that the investment in Tenant is prohibited by Laws or that this Lease is in violation of Laws, and (c) Tenant has implemented procedures, and will consistently apply those procedures, to ensure that the foregoing representations and warranties remain true and correct at all times. The term "Embargoed Person" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Tenant is prohibited by Laws or Tenant is in violation of Laws.

(B) Tenant covenants and agrees (a) to comply with all Laws relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (b) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached or if Tenant has a reasonable basis to believe that they no may no longer be true or have been breached, (c) not to use funds from any "Prohibited Person" (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Landlord under this Lease and (d) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant's compliance with the terms hereof.

(C) Tenant hereby acknowledges and agrees that Tenant's inclusion on the List at any time during the Term shall be a material default of this Lease. Notwithstanding anything herein to the contrary, Tenant shall not permit the Premises or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Premises by any such person or entity shall be a material default of this Lease.

(D) In connection with this Lease or any proposed assignment of this Lease or sublease, Tenant shall provide to Landlord the names of the persons holding an ownership interest in Tenant or any proposed assignee or sublessee, as applicable, for purposes of compliance with Presidential Executive Order 13224 (issued September 24, 2001), as amended.

Section 39.7. If Tenant shall remain in possession of the Premises after the Expiration Date, without the execution by both Tenant and Landlord of a new lease, Tenant, at the election of Landlord, shall be deemed to be occupying the Premises as a Tenant from month-to-month, at a monthly rental equal to the greater of (i) (x) with respect to the first thirty (30) days that Tenant shall remain in possession of the Premises after the Expiration Date, one hundred fifty (150%) percent of the aggregate Fixed Rent and Additional Rent payable during the last month of the Term and (y) with respect to any period of time that Tenant shall remain in possession of the Premises after the date which is thirty (30) days after the Expiration Date, two hundred (200%) percent of the aggregate Fixed Rent and Additional Rent payable during the last month of the Term, and (ii) the then fair market rental value of the Premises, as reasonably determined by Landlord, subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy. The acceptance of any holdover rental paid by Tenant pursuant to this Section 39.7 shall not preclude Landlord from commencing and prosecuting a holdover or summary eviction proceeding.

Section 39.8. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. If any words or phrases in this Lease are stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Lease shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Lease and no implication or inference shall be drawn from the fact that such words or phrases were stricken out or otherwise eliminated.

Section 39.9. Notwithstanding anything to the contrary contained herein, in no event shall Landlord or the Parties or Tenant be liable for consequential or punitive damages under this Lease, except to the extent that Tenant's liability under Section 22.3 may be characterized as consequential damages.

Section 39.10. If any of the provisions of this Lease, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and shall remain valid and enforceable, and every provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 39.11. Landlord shall have the right to erect any gate, chain or other obstruction or to close off any portion of the Real Property to the public at any time to the extent necessary to prevent a dedication thereof for public use.

Section 39.12. Tenant hereby represents to Landlord that it is not entitled, directly or indirectly, to diplomatic or sovereign immunity and Tenant agrees that in all disputes arising directly or indirectly out of this Lease Tenant shall be subject to service of process in, and the jurisdiction of the courts of, the State of New York. The provisions of this Section 39.12 shall survive the expiration of this Lease.

Section 39.13. This Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged into this Lease. This Lease may not be changed, abandoned or discharged, in whole or in part, nor may any of its provisions be waived except by a written agreement that (a) expressly refers to this Lease, (b) is executed by the party against whom enforcement of the change, abandonment, discharge or waiver is sought and (c) is permissible under the Mortgage(s) and the Superior Lease(s).

Section 39.14. Any apportionment or prorations of Rental to be made under this Lease shall be computed on the basis of a three hundred sixty (360) day year, with twelve (12) months of thirty (30) days each.

Section 39.15. This Lease shall be governed by the laws of the State of New York without regard to conflict of laws principles.

Section 39.16. If Tenant is a corporation or a limited liability company or a limited liability partnership, each person executing this Lease on behalf of Tenant hereby covenants, represents and warrants that Tenant is a duly incorporated or duly qualified (if foreign) and is authorized to do business in the State of New York (a copy of evidence thereof to be supplied to Landlord upon request); and that each person executing this Lease on behalf of Tenant is an officer or member or partner of Tenant and that he or she is duly authorized to execute, acknowledge and deliver this Lease to Landlord (a copy of a resolution to that effect to be supplied to Landlord upon request).

Section 39.17. The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Lease nor the intent of any provision thereof.

Section 39.18. The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors, and, except as otherwise provided in this Lease, their assigns.

Section 39.19. From and after the date of this Lease, each of Landlord and Tenant and Persons Within Tenant's Control shall maintain the terms and conditions of this Lease confidential and, without the other party's prior written consent, shall neither discuss nor disclose the terms and conditions of this Lease (except to the extent the same is in or has entered into the public domain through no breach of this Section 39.19) with any tenant or occupant of the Building or with any other person, other than (i) the Broker, (ii) the attorneys who are representing such party in connection with this Lease, (iii) such party's accountants, and (iv) any

proposed subtenant of the Premises or assignee of this Lease and only if and to the extent such other parties listed in clauses (i) to (iv) inclusive are informed of the confidential nature of this Lease and shall agree to act in accordance with the provisions of this section, or (v) if required to do so to enforce the terms of this Lease, or as may otherwise be required to be disclosed by law or judicial process; provided that, if Landlord or Tenant is required or requested by legal process to disclose the terms and conditions of this Lease, such required party shall provide the other party with prompt notice of such requirement or request and unless such other party waives the confidentiality requirements of this Lease, the required party shall cooperate with such other party in obtaining an appropriate protective order regarding such disclosure. Notwithstanding the foregoing, Tenant recognizes and agrees that Landlord shall have the right to disclose the terms and conditions of this Lease to its investors, lenders, secured and unsecured, rating agencies, prospective purchasers and other parties in the ordinary course of its ownership of the Building, and that no such disclosures shall be restricted by or deemed a breach by Landlord of the provisions of this Section 39.19. Each of Landlord and Tenant acknowledges that a breach or threatened breach of this section will cause irreparable injury and damage to the other party, and, therefore, agrees that, in addition to any other remedies that may be available to such other party, such other party shall be entitled to an injunction and/or other equitable relief (without the requirement of posting a bond or other security) as a remedy for a breach or threatened breach of this section and to secure its enforcement, provided that in no event shall either party be entitled to terminate this Lease by reason of a breach of this Section 39.19.

Section 39.20. For the purposes of this Lease and all agreements supplemental to this Lease, unless the context otherwise requires:

(A) The words “herein”, “hereof”, “hereunder” and “hereby” and words of similar import shall be construed to refer to this Lease as a whole and not to any particular Article or Section unless expressly so stated.

(B) Tenant’s obligations hereunder shall be construed in every instance as conditions as well as covenants, each separate and independent of any other terms of this Lease.

(C) Reference to Landlord as having “no liability” or being “without liability” shall mean, except as otherwise expressly provided in this Lease, that Tenant shall not be entitled to terminate this Lease, or to claim actual or constructive eviction, partial or total, or to receive any abatement or diminution of rent, or to be relieved in any manner of any of its other obligations hereunder, or to be compensated for loss or injury suffered or to enforce any other right or liability whatsoever against Landlord under or with respect to this Lease or with respect to Tenant’s use or occupancy of the Premises.

(D) Reference to “termination of this Lease” or “expiration of this Lease” and words of like import includes expiration or sooner termination of this Lease and the Term and the estate hereby granted or cancellation of this Lease pursuant to any of the provisions of this Lease or to law. Upon the termination of this Lease, the Term and estate granted by this Lease shall end at noon on the date of termination as if such date were the Fixed Expiration Date, and neither party shall have any further obligation or liability to the other after such termination except (i) as shall be expressly provided for in this Lease, and (ii) for such obligations as by their

nature under the circumstances can only be, or by the provisions of this Lease, may be, performed after such termination, and, in any event, unless expressly otherwise provided in this Lease, any liability for a payment (which shall be apportioned as of such termination) which shall have accrued to or with respect to any period ending at the time of termination shall survive the termination of this Lease.

(E) Words and phrases used in the singular shall be deemed to include the plural and vice versa, and nouns and pronouns used in any particular gender shall be deemed to include any other gender.

(F) The rule of "ejusdem generis" shall not be applicable to limit a general statement following or referable to an enumeration of specific matters to matters similar to the matters specifically mentioned.

Section 39.21. Landlord agrees to reasonably cooperate (which may include joining in and executing any applications or other documentation to an applicable governmental entity in connection with seeking to obtain benefits, incentives or entitlements under a particular program, provided that applicable program requires Landlord to join in any such application or documentation), at no cost to Landlord, with Tenant's efforts to obtain from any applicable taxing authority any available governmental benefits, incentives or entitlements that may be available to Tenant in connection with this Lease.

ARTICLE 40

RIGHT OF FIRST OFFER

Section 40.1. As used herein:

(A) "Available" means, as to any space, that such space is vacant and free of any present or future possessory right now, or, if such space is vacant as of the date hereof, following the initial leasing of such space after the date hereof, or, to the extent specified in clause (ii) of the following sentence, hereafter existing in favor of any third party. Anything to the contrary contained herein notwithstanding, Tenant's right of first offer pursuant to this Section 40.1 is subordinate to (i) any right of offer, right of first refusal, renewal right or similar right or option in favor of any third party existing as of the date of this Lease (which rights are specified in Schedule S annexed to this Lease) and any renewal right hereafter granted, and (ii) Landlord's right to (x) extend the term of lease of any tenant or occupant or (y) enter into a new lease with any tenant or occupant, on the floor located within the Offer Space (as such term is hereinafter defined) whether or not pursuant to an option to renew.

(B) "Offer Space" means any space on the ninth (9th) floor of the Building after the initial leasing thereof.

Section 40.2.

(A) Provided that (i) this Lease shall be in full force and effect, (ii) there shall not then be existing an Event of Default under this Lease, (iii) Tenant or its Permitted Transferee and its Special Occupants shall be in physical occupancy of at least seventy-five percent (75%) of the entire rentable area of the Premises, (iv) as of the Anticipated Inclusion Date (as defined below), there shall be at least four (4) full years remaining in the Term (or Tenant shall have a Renewal Option remaining that may be exercisable in accordance with the provisions of Article 42) and (v) Tenant shall not have exercised the Initial Expansion Option, if any Offer Space becomes, or Landlord reasonably anticipates that any Offer Space will become, Available, Landlord shall give to Tenant notice (an "Offer Notice") thereof, specifying (a) a description and the rentable square footage of the Offer Space, (b) Landlord's determination of the Fair Rental Value of the Offer Space, which shall constitute the maximum thereof Landlord can claim as the Fair Rental Value for such space in any arbitration thereof ("Landlord's Maximum Offer Determination"), (c) the date or estimated date that such Offer Space has or shall become Available (the "Anticipated Inclusion Date"), and (d) any other relevant economic terms selected by Landlord which Landlord in good faith believes is customary in the marketplace.

(B) Provided that on the date that Tenant exercises the Offer Space Option (as hereinafter defined) and on the Offer Space Inclusion Date (as hereinafter defined) the conditions described in clauses (i) through (iii) of Section 40.2(A) continue to be satisfied and as of the Anticipated Inclusion Date there shall be at least five (5) full years remaining in the Term (provided that if there are fewer than five (5) full years remaining in the Term, Tenant shall simultaneously with the exercise of the Offer Space Option exercise the Renewal Option), Tenant shall have one (1) option (the "Offer Space Option"), exercisable by notice (an "Acceptance Notice") given to Landlord on or before the date that is fifteen (15) Business Days after the giving of the Offer Notice (time being of the essence) to include the Offer Space in the Premises for a term ending on the Expiration Date. Tenant shall notify Landlord in the Acceptance Notice whether Tenant accepts or disputes Landlord's Maximum Offer Determination (if applicable), and if Tenant disputes Landlord's Maximum Offer Determination, the Acceptance Notice shall set forth Tenant's good faith determination of the Fair Rental Value for such Offer Space, which shall constitute the minimum that Tenant can claim as the Fair Rental Value for such space in any arbitration thereof ("Tenant's Minimum Offer Determination"). If Tenant fails to object to Landlord's Maximum Offer Determination in the Acceptance Notice and to set forth therein Tenant's Minimum Offer Determination, then Tenant shall be deemed to have accepted Landlord's Maximum Offer Determination as the Fair Rental Value for such Offer Space.

Section 40.3. If Tenant timely delivers the Acceptance Notice, then, on the date on which Landlord delivers vacant and broom-clean possession of the Offer Space to Tenant (the "Offer Space Inclusion Date"), the Offer Space shall become part of the Premises, upon all of the terms and conditions set forth in this Lease, except (i) the Fixed Rent for the Offer Space shall be as set forth above, (ii) Tenant's Share shall be increased to reflect Tenant's lease of the Offer Space, (iii) unless otherwise specified by Landlord in the Offer Notice, Landlord shall not be required to perform any Landlord's work or any other work, pay a Landlord's contribution or a work allowance or any other amount, or render any services to make the Building or the Offer Space ready for Tenant's use or occupancy, and Tenant shall accept the Offer Space vacant, free of any possessory interest thereon, broom clean and otherwise in its "as is" condition as of the date of the Offer Notice, reasonable wear and tear excepted; and (iv) as may be otherwise set forth in the Offer Notice. In addition, within thirty (30) days after the later to occur of (x) Tenant's giving of the Acceptance Notice and (y) the determination of Fair Rental Value for the

Offer Space, Tenant shall increase the amount of the Security Deposit proportionately to reflect Tenant's lease of the Offer Space. Such increase shall be effected by (I) Tenant exchanging a replacement Letter of Credit meeting the requirements of Article 35 in the increased total amount for the existing Letter of Credit, or (II) the Issuing Bank delivering an amendment to the Letter of Credit increasing the amount thereof (but which does not otherwise amend or modify same), which amendment Landlord shall promptly countersign or authorize in writing if required by the Issuing Bank.

Section 40.4. If in the Acceptance Notice Tenant disputes Landlord's determination of Fair Rental Value, and Landlord and Tenant fail to agree as to the amount thereof within thirty (30) days after the giving of the Acceptance Notice, then the dispute shall be resolved by arbitration as set forth in Article 42. If the dispute shall not have been resolved on or before the Offer Space Inclusion Date, then pending such resolution, Tenant shall pay, as Fixed Rent for the Offer Space, an amount equal to Landlord's Maximum Offer Determination. If such resolution shall be in favor of Tenant, then within thirty (30) days after the final determination of Fair Rental Value, Landlord shall refund to Tenant any overpayment.

Section 40.5. If Landlord is unable to deliver possession of the Offer Space to Tenant for any reason on or before the Anticipated Inclusion Date, the Offer Space Inclusion Date shall be the date on which Landlord is able to so deliver possession and Landlord shall have no liability to Tenant therefor and this Lease shall not in any way be impaired. If an existing tenant of the Offer Space holds over, Landlord shall use commercially reasonable efforts, which may include the commencement of an eviction action against such holdover tenant, if such action is determined by Landlord to be commercially reasonable in the circumstances, to obtain possession of the Offer Space. This Section 40.5 constitutes "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law and any other law of like import now or hereafter in effect.

Section 40.6. If, after receiving an Offer Notice as set forth above, Tenant fails timely to give an Acceptance Notice, then (i) Landlord may enter into one or more leases of all or any part of the Offer Space with third parties on such terms and conditions as Landlord shall determine, the Offer Space Option shall be null and void and of no further force and effect with respect to all or any part of the Offer Space and Landlord shall have no further obligation to offer all or any part of the Offer Space to Tenant, and (ii) Tenant shall, as soon as reasonably practicable after demand by Landlord, execute an instrument reasonably satisfactory to Landlord and Tenant confirming Tenant's waiver of, and extinguishing, the Offer Space Option contained in this Article 40.

Section 40.7. Promptly after the occurrence of the Offer Space Inclusion Date, Landlord and Tenant shall confirm the occurrence thereof and the inclusion of the Offer Space in the Premises by executing an instrument reasonably satisfactory to Landlord and Tenant; provided, that failure by Landlord or Tenant to execute such instrument shall not affect the inclusion of the Offer Space in the Premises in accordance with this Article 40.

Section 40.8. Notwithstanding any provision to the contrary contained in this Lease, if Tenant shall have duly exercised the Initial Expansion Option, Tenant shall no longer have an Offer Space Option and this Article 40 shall be deemed void and of no further force and effect.

ARTICLE 41

TERRACE

Section 41.1. So long as such use is in compliance with all applicable Requirements, and subject to Landlord's rights under this Lease, Tenant shall, throughout the Term, have (i) the exclusive use of that portion of the terrace outside the Penthouse Space and located on the southerly side of the Building in the area delineated on Schedule O-1 annexed hereto (the "South Terrace"), subject to (x) the rights of Landlord to access the South Terrace from time to time, upon prior notice to Tenant, in connection with Landlord's marketing of the Building or of space within the Building, and (y) Landlord's Event Rights (as hereinafter defined), and (ii) the exclusive use of that portion of the terrace outside the Penthouse Space located on the northerly side of the Building in the area delineated on Schedule O-2 annexed hereto (the "North Terrace"; together with the South Terrace, the "Terrace") subject to the rights of Landlord to access the South Terrace from time to time, upon prior notice to Tenant, in connection with Landlord's marketing of the Building or of space within the Building, as an outdoor seating and reception area for the officers, employees and business invitees of Tenant (or other permitted parties) in the ordinary course of Tenant's business and in accordance with the terms and provisions of this Lease. The Terrace shall not be included in the rentable square footage of the Premises, and Tenant shall not be required to pay Fixed Rent or Escalation Rent for Tenant's use of the Terrace. Accordingly, Tenant shall not be entitled to an abatement of, or credit against, Fixed Rent or Escalation Rent for any condition affecting the Terrace (such as, by way of example only, a casualty to the Terrace or Tenant's inability to access the Terrace). Any window washing rig on the roof or Terrace are to be installed and stored so as not to interfere with Tenant's furniture and use of the Terrace. As used herein, the term "Landlord's Event Rights" shall mean the right of Landlord and its designees (which may include other tenants or occupants of the Building) to access the South Terrace for up to five (5) events per calendar year, provided that: (i) with respect to each such event, Landlord shall provide at least two (2) weeks' prior notice to Tenant that Landlord (for itself or its designee(s)) desires to use the South Terrace for an event, specifying the date and time and type of such event and (ii) such event shall be scheduled to occur after 6:00PM on a Business Day or on a day other than a Business Day. Landlord shall clean the South Terrace and repair any damage caused by such access and use after any such event at Landlord's sole cost. Promptly after receipt of a notice from Landlord exercising Landlord's Event Rights, Tenant shall confirm in writing to Landlord that the South Terrace is available for Landlord's use on the scheduled date and time, the parties agreeing that the only reason for which Tenant may inform Landlord that the South Terrace is not available is if Tenant shall have scheduled its own event which would directly conflict with the date and time of Landlord's event on the South Terrace prior to the date Tenant shall have received Landlord's notice of exercise of Landlord's Event Rights. Upon request by Landlord, Tenant shall provide Landlord with reasonable documentation evidencing such conflict and make reasonable efforts to work with Landlord and any other parties scheduled to use the South Terrace during such time to agree upon an alternate timing agreeable to all parties so as to alleviate such conflict.

Section 41.2. Prior to the Commencement Date, Landlord shall, at its own cost and expense, in a condition compliant with the Certificate of Occupancy and the applicable code, install on the Terrace in accordance with the plans and specifications listed on Schedule R annexed hereto a railing, egress lighting, pavers and fire alarm (and provide connection thereof to the Building Class E System).

Section 41.3. Landlord shall deliver the Terrace to Tenant in its "as is" condition on the Commencement Date, notwithstanding anything to the contrary contained in this Lease. Except as expressly set forth in Section 41.2 hereof, Landlord shall not be obligated to perform any work or to contribute to the cost of any Alterations to prepare the Terrace for Tenant's use. Tenant shall make no Alterations on or to the Terrace without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion. Tenant shall repair any damage to the Terrace and the Building caused by Tenant.

Section 41.4. At all times during the Term, Landlord shall have access to the Terrace to service any Building equipment thereon and otherwise, all in accordance with Article 16 of this Lease.

Section 41.5. During the Term, Tenant shall comply, and shall cause any and all Persons Within Tenant's Control, to comply with all of the terms, covenants and obligations on the part of Tenant to be kept, observed and performed pursuant to this Lease with respect to the Terrace as if the same were the Premises hereunder (it being agreed that the Terrace is not part of the Premises), provided, however, (i) Tenant acknowledges and agrees that the terms and conditions of Articles 12 and 33 of this Lease shall be applicable to the Terrace as if the same were the Premises hereunder; and (ii) notwithstanding anything to the contrary contained in Article 15 of this Lease, Tenant shall have no right to sublease the Terrace or allow the same to be used by others without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole discretion (provided, however, that Tenant shall have the right to sublease the exclusive use of the North Terrace and the non-exclusive use of the South Terrace in connection with a sublease of the entire Premises or a sublease of the entire Penthouse Space in accordance with Article 15 hereof).

ARTICLE 42

OPTION TO RENEW

Section 42.1. (A) Provided that both at the time of the exercise of the Renewal Option (as hereinafter defined) and at the time of the commencement of the Renewal Term: (i) this Lease shall be in full force and effect; (ii) there shall not then be existing an Event of Default under this Lease; and (iii) Tenant and/or its Permitted Transferee and its Special Occupants shall be in physical occupancy of at least seventy-five percent (75%) of the entire rentable area of the Premises, Tenant shall have one (1) option to extend the Term of this Lease (the "Renewal Option"), for a period of five (5) years (the "Renewal Term"), on the terms of this Lease (except as set forth below). The Renewal Option shall be exercisable by written notice (the "Renewal Notice") to Landlord given not later than twelve (12) months (with time being of the essence), prior to the Fixed Expiration Date. Notwithstanding the first sentence of this Section 42.1, Landlord, in its sole discretion, may waive any default by Tenant or occupancy requirement and no such default or occupancy requirement may be used by Tenant to negate the effectiveness of Tenant's exercise of the Renewal Option.

(B) The Renewal Term shall constitute an extension of the Term of this Lease and shall be upon all of the same terms and conditions as the existing Term, except that, (i) during the Renewal Term there shall be no further option to renew the Term of this Lease, (ii) Landlord shall not be required to furnish any materials or perform any work to prepare the Premises for Tenant's continued occupancy during the Renewal Term and Landlord shall not be required to reimburse Tenant for any Alterations made or to be made by Tenant during or in preparation for the Renewal Term, (iii) the Fixed Rent for the Renewal Term shall be payable at a rate per annum equal to the greater of (x) the Fixed Rent payable by Tenant during the last year of the Term and (y) the Fair Rental Value of the Premises as of the first day of the Renewal Term, and (iv) on or prior to the first day of the Renewal Term, the final expiry date of the Letter of Credit held pursuant to Article 35 hereof shall be extended by sixty (60) months.

Section 42.2. If Tenant has given the Renewal Notice in accordance with Section 42.1, the parties shall endeavor to agree upon the Fair Rental Value of the Premises, as of the commencement date of the Renewal Term. In the event that the parties are unable to agree upon the Fair Rental Value for the Renewal Term within one hundred fifty (150) days prior to the first day of the Renewal Term, then the same shall be determined as follows: A senior officer of a recognized New York City leasing brokerage firm (the "Baseball Arbitrator") shall be selected and paid for jointly by Landlord and Tenant. If Landlord and Tenant are unable to agree upon the Baseball Arbitrator, then the same shall be designated by the AAA. The Baseball Arbitrator selected by the parties or designated by the AAA shall not have been employed by Landlord or Tenant during the previous five (5) year period and shall have at least ten (10) years' experience in the leasing of Premises in the vicinity of the Building, comparable in size, location and quality to the Premises. As soon as reasonably practicable after the appointment of the Baseball Arbitrator, the Baseball Arbitrator shall meet with Landlord and Tenant (the "Initial Meeting"). At the Initial Meeting, Landlord shall submit to the Baseball Arbitrator its determination of the Fair Rental Value for the Renewal Term ("Landlord's Maximum Determination") in a sealed envelope contemporaneously with Tenant's submission to the Baseball Arbitrator of its determination of the Fair Rental Value for the Renewal Term ("Tenant's Maximum Determination") in a sealed envelope, whereupon Baseball Arbitrator shall open both envelopes. If one party shall be ready, willing and able to submit its determination of the Fair Rental Value at such Initial Meeting, but the other party shall fail to submit its determination of the Fair Rental Value at such Initial Meeting, then the party who is so ready, willing and able to submit its determination shall not be required to do so, and the Initial Meeting shall be rescheduled to a date which is not more than three (3) Business Days following the Initial Meeting, at which rescheduled Initial Meeting the Baseball Arbitrator shall open both envelopes. If the party that was not ready, willing and able to submit its determination of the Fair Rental Value at the Initial Meeting shall not submit its determination of the Fair Rental Value at such rescheduled meeting, the determination of the party that was ready, willing and able to submit its determination at the Initial Meeting shall constitute the Fair Rental Value. If the higher of Landlord's Maximum Determination and Tenant's Maximum Determination (the "Higher Determination") is not higher than the lower of Landlord's Maximum Determination and Tenant's Maximum Determination (the "Lower Determination") by more than three (3%) percent of the Higher Determination, then the Baseball Arbitrator shall not make a determination as to the Fair Rental Value, and the Fair Rental Value shall equal the average of Landlord's Maximum Determination and Tenant's Maximum Determination. If the Higher Determination is higher than the Lower Determination by more than three (3%) percent of the Higher Determination, then the Baseball Arbitrator shall

make a determination of the Fair Rental Value by selecting either the amount set forth in Landlord's Maximum Determination or the amount set forth in Tenant's Maximum Determination, whichever the Baseball Arbitrator determines is closer to the Fair Rental Value, taking into account all relevant factors, whether favorable to Landlord or Tenant. The Baseball Arbitrator may not select any other amount as the Fair Rental Value and shall not have the power to add to, modify or change any of the provisions of this Lease. The determination of the Baseball Arbitrator shall be final and binding upon Landlord and Tenant, whether or not judgment shall have been entered thereon, and shall serve as the basis for the Fixed Rent payable for the Renewal Term, and each of Landlord and Tenant hereby consents to the entry of judgment in any court having jurisdiction based upon such determination.

Section 42.3. If any dispute regarding the Fair Rental Value shall not have been resolved on or before the first day of the Renewal Term, then pending such resolution, Tenant shall pay, as Fixed Rent for the Renewal Term, an amount equal to Landlord's Maximum Determination. If such resolution shall be in favor of Tenant, then within thirty (30) days after the final determination of Fair Rental Value for the Renewal Term, Landlord shall refund to Tenant any overpayment. After a determination has been made of the Fair Rental Value, the parties shall execute and deliver an instrument setting forth the Fixed Rent for the Renewal Term, but the failure to so execute and deliver any such instrument shall not affect the determination of such Fixed Rent in accordance with this Article 42.

Section 42.4. Notwithstanding anything to the contrary contained herein, the rights granted to Tenant pursuant to this Article 42 shall be personal to the Tenant named in this Lease (and its successor pursuant to a Permitted Transfer), and may not be assigned to any other Tenant.

ARTICLE 43

EXPEDITED ARBITRATION

Section 43.1. In any case where this Lease expressly provides for, or gives the option for, the settlement of a dispute or question by expedited arbitration pursuant to this Article 43, and only in such cases (and not in any case where other specific dispute resolution procedures are expressly provided for in this Lease, such as the dispute resolution procedures with respect to Fair Market Rent pursuant to Article 42), the party desiring arbitration shall have the right to submit any such dispute to binding arbitration in the City of New York, New York, under the Expedited Procedures provisions (Rules E-1 through E-10 in the edition in effect on the date of this Lease, as the same may be modified or supplemented from time to time) of the Commercial Arbitration Rules of the AAA.

Section 43.2. In cases where such arbitration is used: (i) the parties will have no right to object if the arbitrator so appointed was on the list submitted by the AAA and was not objected to in accordance with Rule E-5; provided, however, that the arbitrator shall be a person having not less than ten (10) years of experience in the subject matter of the dispute in first-class office buildings located in Manhattan; (ii) the first hearing shall be held within 7 Business Days after

the appointment of the arbitrator; and (iii) any finding or determination of the arbitrator shall be deemed final and binding (except that the arbitrator shall be bound by the provisions of this Lease, and shall not have the power to add to, subtract from, modify or change any of the provisions of this Lease). The decision of the arbitrator shall be conclusively binding on the parties. Landlord and Tenant agree to sign all documents and to do all other things necessary to submit any such matter to arbitration and further agree to, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder. Landlord and Tenant each: (x) consent to the entry of judgment in any court upon any award or decision rendered in any arbitration held pursuant to this Article 43 or otherwise pursuant to this Lease; and (y) acknowledge that any award or decision rendered in any arbitration held pursuant to this Article 43 or otherwise pursuant to this Lease, whether or not such award or decision has been entered for judgment, shall be final and binding upon Landlord and Tenant.

ARTICLE 44

INITIAL EXPANSION OPTION

Section 44.1. (A) Provided that on the date Tenant exercises the Initial Expansion Option (i) this Lease is in full force and effect and (ii) no Event of Default shall have occurred and be continuing, Tenant shall have the option (the "Initial Expansion Option") to lease the entire rentable area of the ninth (9th) floor of the Building (the "Ninth Floor Premises"), as approximately shown on the floor plan annexed hereto as Schedule T, which Landlord and Tenant conclusively agree, without representation or warranty on the part of Landlord, contains 11,854 RSF (the "Initial Expansion Space"). The Initial Expansion Option shall be exercisable by Tenant giving Landlord notice thereof (the "Initial Expansion Notice") on or before the date which is five (5) Business Days after the Stated Commencement Date. Time is of the essence with respect to the giving of the Initial Expansion Notice. If Tenant fails timely to give an Initial Expansion Notice, then the Initial Expansion Option shall be null and void and Tenant shall have no further rights under this Article 44.

(B) If Tenant timely gives the Initial Expansion Notice, then the Initial Expansion Space shall become part of the Premises (and the term "Premises" shall include the Initial Expansion Space) as of the Ninth Floor Premises Commencement Date, upon all of the terms and conditions set forth in this Lease, except that:

(1) All references in this Lease to the Commencement Date shall, with respect to the Ninth Floor Premises, be deemed to refer to the Ninth Floor Premises Commencement Date, provided, however, that the parties acknowledge and agree that (x) the Fixed Expiration Date for the entire Premises (including the Ninth Floor Premises) shall be ten (10) years and eight (8) months after the date which is the Commencement Date with respect to the Tenth Floor Premises, the Eleventh Floor Premises and the Penthouse Space (and not ten (10) years and eight (8) months after the Ninth Floor Premises Commencement Date), it being the intent of the parties that the Fixed Expiration Date shall be the same date for the entire Premises, (y) Sections 2.1(C), (D) and (E) of this Lease shall not apply with respect to the Ninth Floor Premises or the Ninth Floor Premises Commencement Date (it being the intent of the parties that

there shall be no First Delivery Date or Outside Delivery Date (or any rights, obligations and/or remedies associated with either of the foregoing) with respect to the Ninth Floor Premises or the Ninth Floor Premises Commencement Date) and (z) the Fixed Rent Step-up Calculation Commencement Date for the entire Premises (including the Ninth Floor Premises) shall be eight (8) months after the date which is the Commencement Date with respect to the Tenth Floor Premises, the Eleventh Floor Premises and the Penthouse Space (and not eight (8) months after the Ninth Floor Premises Commencement Date), it being the intent of the parties that the Fixed Rent Step-up Calculation Commencement Date shall be the same date for the entire Premises and that the subsequent Fixed Rent increases tied to such date as set forth on Schedule D hereto shall occur at the same times for the entire Premises;

(2) Base Rent in respect of the Initial Expansion Space shall be payable at the rates set forth on Schedule D hereto with respect to the Initial Expansion Space;

(3) Provided that no Event of Default shall have occurred and then be continuing, (i) Tenant shall receive an aggregate rent credit in the amount of $565,040.67, which amount shall be reduced by $2,354.34 for each day from the period commencing on the date of this Lease and ending on the date the Initial Expansion Notice is delivered to Landlord (such reduced amount, the "Aggregate Initial Expansion Space Rent Credit"), to be applied against the amounts of Fixed Rent due hereunder with respect to the Initial Expansion Space and (ii) the term "Aggregate Rent Credit" shall include the Aggregate Initial Expansion Space Rent Credit but shall be applied only to the Ninth Floor Premises Fixed Rent;

(4) Tenant's Tax Share shall be increased by the addition of 8.5885% to reflect the addition of the RSF of the Initial Expansion Space to the RSF of the Premises;

(5) Section 3.2(A)(II) of this Lease shall be deleted in its entirety and the following substituted therefor:

"(II) commencing on July 1, 2017, an amount ("Tenant's Initial Tax Payment") equal to (a) $30,561.00 (or $0.75 per RSF of the Premises) for the 2017/2018 Tax Year; (b) $61,122.00 (or $1.50 per RSF of the Premises) for the 2018/2019 Tax Year; (c) $91,683.00 for the 2019/2020 Tax Year (or $2.25 per RSF of the Premises); (d) $122,244.00 (or $3.00 per RSF of the Premises) for the 2020/2021 Tax Year; and (e) $152,805.00 (or $3.75 per RSF of the Premises) for the 2021/2022 Tax Year."

(6) Section 3.2(B)(III) of this Lease shall be deleted in its entirety and the following substituted therefor:

"(III) Tenant's Initial Tax Payment of $152,805.00. "

(7) Within fifteen (15) days after Tenant shall have exercised the Initial Expansion Option, Tenant shall increase the amount of the Security Deposit by the sum of $1,020,453.78 to reflect Tenant's lease of the Initial Expansion Space. Such increase shall be effected by (i) Tenant exchanging a replacement Letter of Credit meeting the requirements of Article 35 in the increased total amount for the existing Letter of Credit, or (ii) the Issuing Bank delivering an amendment to the Letter of Credit increasing the amount thereof (but which does not otherwise amend or modify same), which amendment Landlord shall promptly countersign or authorize in writing if required by the Issuing Bank;

(8) In the first sentence of Section 35.6(A) of this Lease, the amount "$2,086,746.39" shall be deleted and replaced with the amount "$2,921,663.16";

(9) In the first and last sentences of Section 35.6(B) of this Lease, the amount "$1,391,164.26" shall be deleted and replaced with the amount "$1,947,775.44";

(10) Landlord's Maximum Contribution shall be increased by the addition of an amount derived by multiplying $711,240.00 by a fraction, the numerator of which is the number of months in the Term with respect to the Ninth Floor Premises for which no portion of the Aggregate Initial Expansion Space Rent Credit is applied against the amounts of Fixed Rent due hereunder with respect to the Initial Expansion Space, and the denominator of which is one hundred twenty (120) but in no event shall Landlord's Maximum Contribution exceed $711,240.00;

(11) Article 40 of this Lease shall be null and void in its entirety;

(12) With respect solely to the Initial Expansion Space, the term "Substantial Completion" shall refer solely to the Substantial Completion of the Initial Expansion Space and not to any other portion of the Premises;

(13) With respect solely to the application of the terms of the Work Agreement to the Initial Expansion Space:

(i) In Section I.B of the Work Agreement, (x) the date "November 15, 2015" shall be replaced in its entirety in all places in which it appears with the words "the date on which the Initial Expansion Notice is delivered to Landlord" and (y) the date "December 31, 2015" shall be replaced in its entirety in all places in which it appears with the words "the date which is forty-five (45) days after the date on which the Initial Expansion Notice is delivered to Landlord"

(ii) In Section II.C of the Work Agreement, the date "August 30, 2016" shall be replaced in its entirety in all places in which it appears with the words "the date which is one hundred eighty (180) days after the date on which the Initial Expansion Notice is delivered to Landlord";

(iii) In Article V of the Work Agreement, the date "July 1, 2016" shall be replaced in its entirety with the words "such date as is reasonably determined by Landlord, written notice of which date is provided to Tenant within a reasonable time after Landlord's approval of the Final Plans"

(C) Notwithstanding anything to the contrary contained in this Article 44, Tenant shall have the right to elect in writing (such election, the "TIA Election"), concurrently with its delivery of the Initial Expansion Notice, to perform Landlord's Initial Alterations Work (in lieu of having such work performed by Landlord) with respect only to the Ninth Floor Premises, and receive the amount of Landlord's Maximum Contribution as a Tenant

Improvement Allowance on a progress payments basis as work is completed. Time is of the essence with respect to the TIA Election. If Tenant fails timely to make the TIA Election concurrently with its timely delivery of an Initial Expansion Notice, then Tenant shall no longer have the right to make the TIA Election, this Section 44.1(C) shall be null and void and Landlord's Initial Alterations Work with respect to the Ninth Floor Premises shall be performed in accordance with the terms of this Lease (including, without limitation, Section 44.1(B)). If Tenant timely makes the TIA Election, the Work Agreement (and Section 44.1(B)(13) of this Lease) shall not apply with respect to the Ninth Floor Premises, and the following shall apply with respect to the Ninth Floor Premises:

(1) The definition of Ninth Floor Premises Commencement Date included in Article 1 of this Lease shall be deleted in its entirety and the following substituted therefor: ""Ninth Floor Premises Commencement Date" shall mean the earlier to occur of (i) the date which is four (4) months after the date on which Landlord shall have tendered possession of the Ninth Floor Premises to Tenant and (ii) the first date on which Tenant or any Person claiming under or through Tenant first occupies the Ninth Floor Premises, for the conduct of its business."

(2) All references in this Lease to Landlord's Initial Alterations Work shall, with respect to the Ninth Floor Premises, be deemed to refer to the Initial Alterations (as hereinafter defined);

(3) Provided there has not occurred an Event of Default under this Lease, subject to the conditions set forth below, Landlord shall pay to Tenant a sum (the "Tenant Improvement Allowance") in connection with the Alterations to be made by Tenant for Tenant's initial occupancy of the Ninth Floor Premises (the "Initial Alterations") up to a maximum amount not to exceed the amount of Landlord's Maximum Contribution with respect to the Ninth Floor Premises for those costs and expenses directly incurred by Tenant in connection with the actual costs of construction of the Initial Alterations, as shown on the approved plans and specifications referred to in Section 6.1 for such Initial Alterations. For purposes of the preceding sentence, actual costs of construction shall include both so called "hard" construction costs and so called "soft" costs for Tenant's architectural, engineering and permitting and filing fees with respect only to the Ninth Floor Premises (collectively, "Soft Costs"), provided that Landlord shall not be obligated to fund more than twenty-five percent (25%) of the Tenant Improvement Allowance for Soft Costs. Notwithstanding anything to the contrary, set forth herein the Tenant Improvement Allowance shall not be used for telephone systems, computer systems, furniture or decorations (other than carpeting, wall coverings and window blinds). Tenant shall submit to Landlord a line item budget (for Landlord's review and approval) setting forth estimated construction costs in detail prior to commencement of the Initial Alterations;

(4) Provided that no Event of Default is then continuing, Landlord shall pay for such costs by paying the contractors, suppliers or consultants designated by Tenant or by reimbursing Tenant, at Tenant's option, the Tenant Improvement Allowance from time to time, but no more frequently than in monthly installments, within thirty (30) days after, with respect to each such installment: (i) Landlord receives from Tenant a requisition for payment (in the form issued by the American Institute of Architects), certified by Tenant's independent licensed architect stating (a) that, in his or her opinion, the portion of the Initial Alterations completed and for which the disbursement is requested was performed in a good and workerlike

manner and in accordance with Tenant's plans and specifications, (b) the percentage of the Initial Alterations completed as of the date of such certificate, and (c) the revised estimated cost to complete the Initial Alterations; (ii) Landlord receives from Tenant proper invoices which are due and payable and original lien waivers for that portion of the Initial Alterations then completed; (iii) all Governmental Authorities having or asserting jurisdiction (including the Department of Buildings or similar agency) shall have issued final approvals of that portion of the Initial Alterations then completed, and true copies of such approvals shall have been delivered to Landlord; and (iv) Landlord receives from Tenant a written signed statement or request from an authorized officer of Tenant outlining in detail the amount of the Tenant Improvement Allowance already paid by Landlord and the amount then being requested in such installment, along with a certified statement by Tenant that the amount claimed is for reimbursement to the listed parties. Landlord may retain ten percent (10%) of the Tenant Improvement Allowance until the Initial Alterations are completed and approved by Landlord (and all documentation for this final installment are timely submitted and requirements met, as set forth below). Each requisition for payment of an installment of the Tenant Improvement Allowance must be made by Tenant and received by Landlord (along with all required documentation and information set forth in this Section 44.1(C)(3)) no later than two (2) years after the Ninth Floor Premises Commencement Date. It is expressly understood and agreed that Tenant shall complete the Initial Alterations, whether or not the Tenant Improvement Allowance is sufficient to fund such completion, and in the event the cost of the Initial Alterations exceeds the Tenant Improvement Allowance, Tenant shall be responsible to pay all of such excess costs and expenses;

(5) Notwithstanding anything to the contrary contained in this Section 44.1(C), if, at the time any installment of the Tenant Improvement Allowance is required to be made, Tenant is in arrears in the payment of Fixed Rent or Additional Rent, then Landlord may offset the amount of such arrearages against the installment due from Landlord under this Section 44.1(C);

(6) Subject to the terms and conditions set forth in this Section 44.1(C), within thirty (30) days after the last to occur of (i) Tenant's request for the final installment of the Tenant Improvement Allowance, (ii) completion of the Initial Alterations in accordance with the terms hereof, (iii) delivery to Landlord of general releases and waivers of lien from all contractors, subcontractors and materialmen involved in the performance of the Initial Alterations and the supply of materials used in connection with the Initial Alterations, (iv) a certificate from Tenant's independent licensed architect certifying that (x) in his or her opinion the Initial Alterations has been performed in a good and workerlike manner and completed substantially in accordance with Tenant's plans and specifications for the Initial Alterations, and (y) to his or her knowledge all contractors, subcontractors and materialmen have been paid for the Initial Alterations, and materials furnished through such date, and (v) satisfaction of all of the conditions set forth above in this Section 44.1(C), Landlord shall fund the balance of the Tenant Improvement Allowance which had been retained. Tenant expressly agrees that Landlord's obligation to pay the final installment of the Tenant Improvement Allowance shall also be conditioned upon Tenant's compliance with the requirements set forth in Section 44.1(C)(3) above;

(7) In no event shall the aggregate amount paid by Landlord to Tenant with respect to the Initial Alterations ever exceed the amount of the Tenant Improvement Allowance. If the costs and expenses for the Initial Alterations are less than the amount of the Tenant Improvement Allowance, or if Tenant has not submitted a request for any installment of the Tenant Improvement Allowance within the outside date set forth above, time being of the essence, Tenant shall not be entitled to any payment or credit for such excess or unused amounts; and

Section 44.2. After the exercise of the Initial Expansion Option, Landlord and Tenant shall confirm the occurrence thereof by executing an instrument reasonably satisfactory to Landlord and Tenant; provided, that failure by Landlord or Tenant to execute such instrument shall not affect the inclusion of the Initial Expansion Space in the Premises in accordance with this Article 44.

[Signatures appear on the following page]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

LANDLORD:

MAPLE WEST 25TH OWNER, LLC,
a Delaware limited liability company

By: /s/ Stephen J. Cusma
Name: Stephen J. Cusma
Title: Secretary

TENANT:

PELOTON INTERACTIVE, INC., a Delaware corporation

By: /s/ John Foley
Name: John Foley
Title: CEO

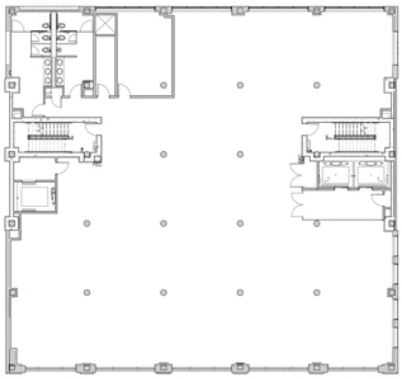
Tenant's Federal Employer
Identification Number: [***]

SCHEDULE A

FLOOR PLAN OF THE TENTH FLOOR PREMISES

(See attached)

ALL AREAS, DIMENSIONS AND CONDITIONS ARE APPROXIMATE.



1 TENANT - 10TH FLOOR
1/16" = 1'-0"

MANCINI DUFFY
ARCHITECTURE | PLANNING | INTERIORS

Halsey McCormack & Helmer Inc. Architects
275 Seventh Avenue, New York, N.Y. 10001
Tel: 212.938.1260 Fax: 212.938.1267

CLIENT:
MAPLE WEST 25TH OWNER, LLC

DRAWING TITLE:
PELOTON 10TH FLOOR

DRAWING SCALE: AS NOTED
SHEET:

ISSUE DATE:
PROJECT NUMBER: 02-2731-0200
ISSUE/REVISION:
DRAWING NUMBER: SK-007

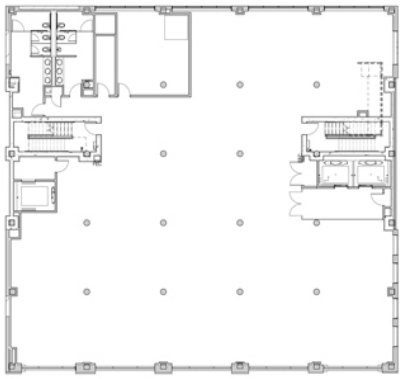
DRAWN BY: Author CHECK BY: Checker

SCHEDULE B

FLOOR PLAN OF THE ELEVENTH FLOOR PREMISES

(See attached)

ALL AREAS, DIMENSIONS AND CONDITIONS ARE APPROXIMATE.



1 TENANT - 11TH FLOOR
1/16" = 1'-0"

MANCINI DUFFY
ARCHITECTURE | PLANNING | INTERIORS

Halsey McCormack & Helmer Inc. Architects
275 Seventh Avenue, New York, N.Y. 10001
Tel: 212.938.1260 Fax: 212.938.1267

CLIENT:
MAPLE WEST 25TH OWNER, LLC

DRAWINGS TITLE:
PELOTON 11TH FLOOR

DRAWING SCALE: AS NOTED
SHEET:

ISSUE DATE:
PROJECT NUMBER: 02-2731-0200
ISSUE/REVISION:
DRAWING NUMBER: SK-008

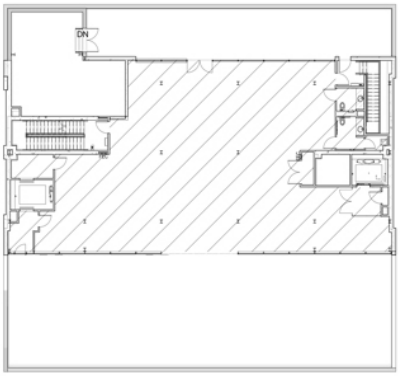
DRAWN BY: Author CHECK BY: Checker

SCHEDULE C

FLOOR PLAN OF THE PENTHOUSE SPACE

(See attached)

ALL AREAS, DIMENSIONS AND CONDITIONS ARE APPROXIMATE.



1 TENANT - PENTHOUSE
1/16" = 1'-0"

MANCINI DUFFY
ARCHITECTURE | PLANNING | INTERIORS

Halsey McCormack & Helmer Inc. Architects
275 Seventh Avenue, New York, N.Y. 10001
Tel: 212.938.1260 Fax: 212.938.1267

CLIENT:
MAPLE WEST 25TH OWNER, LLC

DRAWING TITLE:
PELOTON PENTHOUSE

DRAWING SCALE: AS NOTED
SHEET:

ISSUE DATE:
PROJECT NUMBER: 02-2731-0200
ISSUE/REVISION:
DRAWING NUMBER: SK-009

DRAWN BY: Author CHECK BY: Checker

SCHEDULE D

FIXED RENT SCHEDULE

Tenth Floor Premises

Months	Per Annum	Per Month
Commencement Date to day prior to Fixed Rent Step-up Calculation Commencement Date	$ 847,561.00	$70,630.08
Fixed Rent Step-up Calculation Commencement Date to 12[1]	$ 847,561.00	$70,630.08
13 to 24	$ 866,631.12	$72,219.26
25 to 36	$ 886,130.32	$73,844.19
37 to 48	$ 906,068.26	$75,505.69
49 to 60	$ 926,454.79	$77,204.57
61 to 72	$1,018,424.02	$84,868.67
73 to 84	$1,041,338.56	$86,778.21
85 to 96	$1,064,768.68	$88,730.72
97 to 108	$1,088,725.98	$90,727.16
109 to Fixed Expiration Date	$1,113,222.31	$92,768.53

1 Note: month numbers are from the Fixed Rent Step-up Calculation Commencement Date

Eleventh Floor Premises

Months	Per Annum	Per Month
Commencement Date to day prior to Fixed Rent Step-up Calculation Commencement Date	$ 834,548.00	$69,545.67
Fixed Rent Step-up Calculation Commencement Date to 12[2]	$ 834,548.00	$69,545.67
13 to 24	$ 853,325.33	$71,110.44
25 to 36	$ 872,525.15	$72,710.43
37 to 48	$ 892,156.97	$74,346.41
49 to 60	$ 912,230.50	$76,019.21
61 to 72	$1,002,787.68	$83,565.64
73 to 84	$1,025,350.41	$85,445.87
85 to 96	$1,048,420.79	$87,368.40
97 to 108	$1,072,010.26	$89,334.19
109 to Fixed Expiration Date	$1,096,130.49	$91,344.21

2 Note: month numbers are from the Fixed Rent Step-up Calculation Commencement Date

Penthouse Space

Months	Per Annum	Per Month
Commencement Date to day prior to Fixed Rent Step-up Calculation Commencement Date	$440,176.00	$36,681.33
Fixed Rent Step-up Calculation Commencement Date to 12[3]	$440,176.00	$36,681.33
13 to 24	$450,079.96	$37,506.66
25 to 36	$460,206.76	$38,350.56
37 to 48	$470,561.41	$39,213.45
49 to 60	$481,149.04	$40,095.75
61 to 72	$524,182.90	$43,681.91
73 to 84	$535,977.01	$44,664.75
85 to 96	$548,036.49	$45,669.71
97 to 108	$560,367.32	$46,697.28
109 to Fixed Expiration Date	$572,975.58	$47,747.97

3 Note: month numbers are from the Fixed Rent Step-up Calculation Commencement Date

Initial Expansion Space
(Ninth Floor Premises)

Months	Per Annum	Per Month
Commencement Date to day prior to Fixed Rent Step-up Calculation Commencement Date	$ 847,561.00	$70,630.08
Fixed Rent Step-up Calculation Commencement Date to 12[4]	$ 847,561.00	$70,630.08
13 to 24	$ 866,631.12	$72,219.26
25 to 36	$ 886,130.32	$73,844.19
37 to 48	$ 906,068.26	$75,505.69
49 to 60	$ 926,454.79	$77,204.57
61 to 72	$1,018,424.02	$84,868.67
73 to 84	$1,041,338.56	$86,778.21
85 to 96	$1,064,768.68	$88,730.72
97 to 108	$1,088,725.98	$90,727.16
109 to Fixed Expiration Date	$1,113,222.31	$92,768.53

4 Note: month numbers are from the Fixed Rent Step-up Calculation Commencement Date

SCHEDULE E

FORM OF COMMENCEMENT DATE AGREEMENT

THIS COMMENCEMENT DATE AGREEMENT, made as of the day of , 20 (this "Agreement"), made by and between MAPLE WEST 25TH OWNER, LLC, a Delaware limited liability company, having its principal place of business at 53 Maple Avenue, Morristown, New Jersey 07960 ("Landlord"), and PELOTON INTERACTIVE, INC., a Delaware corporation, having an office at [ ] ("Tenant").

W I T N E S E T H:

WHEREAS, Landlord and Tenant have entered into an Agreement of Lease, dated as of November 11, 2015 (the "Lease"), pursuant to which Landlord leased to Tenant certain premises in the Building known as 125 West 25th Street, New York, New York, as more fully described in the Lease; and

WHEREAS, pursuant to the provisions of the Lease, the parties agreed to execute a written agreement confirming the Commencement Date with respect to each of the Tenth Floor Premises, the Eleventh Floor Premises and the Penthouse Space and the Fixed Expiration Date (as such terms are defined in the Lease).

NOW, THEREFORE, Landlord and Tenant confirm that (i) the "Term" of the Lease commenced on , 20 , and such date constitutes the "Commencement Date"; (ii) the "Fixed Rent Step-up Calculation Commencement Date" is , 20 ; and (ii) the "Fixed Expiration Date" is , 20 . Tenant has accepted possession of the Premises and is in occupancy thereof, and all work to be performed to the Premises for Tenant by Landlord under the Lease (if any) has been substantially completed.

* * *

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF, Landlord and Tenant have respectively executed this Agreement as of the day and year first above written.

LANDLORD:

MAPLE WEST 25TH OWNER, LLC, a Delaware limited liability company

By: _____
Name:
Title:

TENANT:

PELOTON INTERACTIVE, INC., a Delaware corporation

By: _____
Name:
Title:

SCHEDULE F

BUILDING RULES AND REGULATIONS FOR CONSTRUCTION WORK

125 West 25th
NEW YORK, NY 10001
CONSTRUCTION RULES & REGULATIONS

Introduction

These guidelines have been developed to provide tenants and contractors with the landlord's rules and requirements related to construction and/or renovation projects at 125 West 25th ("The Property"). These guidelines supersede any similar materials that have been previously distributed by other entities.

Questions regarding these guidelines should be directed to:

Normandy Real Estate Partners
1370 Broadway, Suite 1420
New York, NY 10018
Office: 212-967-4590
Fax:

Rebecca Langendoen, Property Manager
[***]

Vanessa Green, Tenant Coordinator
[***]

General Requirements

1. All contractors hired to perform work at The Property will be required to meet with the 125 West 25th Building Management Team prior to the start of any work. All contractors will be given a copy of the 125 West 25th Construction Rules & Regulations and will be ***required*** to sign the signature page of the document, indicating their receipt and understanding of the guidelines.

2. Unless specifically stated otherwise in a tenant's lease, all tenants' and or GC's will be required to submit to the building management office, the names and contact details (e-mail / cell # / fax #) of all proposed contractors and sub contractors that the tenant and or GC desires to have work in the building. The landlord must approve all contractors and sub contractors, in writing, prior to the start of any work. Certain landlord approved contractors are listed at the end of these Rules.

3. Unless specifically stated otherwise in a tenant's lease, all tenants' planning to perform renovations or construction work in their space, will be required to submit the following items to the building management office at least 15 business days prior to the planed start of any work:
    a. A complete set of stamped construction drawings including demolition plans, partition plans, mechanical, electrical and plumbing plans, reflected ceiling plans, telephone/data wiring plans, structural plans and life safety and sprinkler drawings.
    b. All relevant hydraulic calculations for sprinkler systems, stamped by a licensed engineer.
    c. The name of the architectural firm and all engineering firms associated with the project along with contact individuals at each firm. Include telephone, cell phone, pager numbers and e-mail address if applicable.
    d. A project schedule showing in detail, the projected start, and duration of the proposed work.
    e. Copies of all general contractor and construction management contracts associated with the project, provided that if a tenant enters into any agreements with other contractors, materialmen or suppliers of services directly, such tenant shall be obligated to submit all such agreements in accordance with this Section 3(e).
4. Unless specifically provided in a tenant's lease, non-engineered or "Design-Build" projects involving HVAC, electrical, plumbing and life safety systems will not be permitted at the property. All such work must be done in accordance with professionally engineered specifications and drawings approved by the building manager. Exceptions to this requirement may be made only with the written permission of the Property Manager.

Building Access/Construction Policies

Building Access

1. Contractors will have access to the building between the hours of 8:00 am and 6:00 pm, Monday through Friday, excluding holidays. After hours and weekend access can be arranged by contacting the property management office at least 48 hours prior to the need for after-hours access.

2. A building engineer will be required to be onsite during all afterhours work at a cost to the tenant of $150.00 per hour with a four hour minimum. In addition the building manager may require security detail during afterhours periods, if loading docks, common areas, elevators, etc. are to be impacted by contractor's work. The billing rate for a security officer is $50.00 per hour and must be scheduled 48 hours in advance by contacting the property management office. The rates mentioned above are subject to change.

Deliveries/Loading Docks

The building loading dock is to be used to bring all construction materials into the property. Deliveries shall be made before 8am or after 6pm, Monday through Friday, and require an elevator operator at the contractor's or tenant's expense. No materials may be brought into or through the property through the main building lobby.

1. There is no equipment/material storing permitted at the loading docks or receiving area ramps.
2. All large deliveries of construction materials or supplies that require extended use of the freight elevator must be completed before 8 am, Monday through Friday, or after 6 pm at a charge of $120.00 an hour, with a 4 hour minimum. Weekend deliveries can also be arranged *($120.00 an hour, with a 4 hour minimum)*. All large deliveries must be scheduled with the property management office at least 24 hours in advance. Unscheduled deliveries will be turned away by 125 West 25th security.
3. No materials or equipment may be stored in or around the loading dock, receiving area, service corridor, closets, common areas, stairwells or base building electrical rooms or mechanical rooms. Any items left unattended for more than 15 minutes may be disposed of by building management without notice and billed back to contractor or tenant.

Rubbish Removal/Dumpsters

1. The contractor will accumulate all demolition debris, rubbish and other refuse related to all construction projects neatly in the work area. Removal of this debris from the property must be done between the hours of 6 am and 8 am, Monday through Friday, excluding holidays, after 6 pm or on weekends at charge of $120.00 an hour. No debris may be stored in property mechanical spaces, common areas, elevators, loading dock or stairwells at any time.
2. The contractor may not keep a dumpster on the property overnight. All debris must be loaded into the contractor's container and the container must be removed the same day. All dumpster placements must be scheduled by the property management office at the contractor's expense. Unscheduled or unauthorized dumpsters will be rejected.

3. The contractor may not place anything in the 125 West 25th rubbish containers for any reason, at any time.

4. The contractor will be responsible for the clean-up of any debris in the loading dock area resulting from the overfilling of the contractor's container.

Noisy/Disruptive Work

1. All noisy or disruptive work, including but not limited to coring, track stud installation, drilling or movement of heavy equipment must be scheduled for completion before 8 am or after 6:00 pm, Monday through Friday or on Weekends. Management reserves the right to terminate any contractor activities which it considers loud or disruptive at any time. Any numerous noise complaints during 8 am to 6 pm, may cause all construction activity to be stopped and required to be scheduled for after hours through the balance of the job.

Keying/Locks

1. All keying and lock installation must be approved and keyed to master by and coordinated with 125 West 25th at least one week prior to the planned date of installation. Any doors that employ a card access system must be compatible with the Building's security access card.

2. Unless specifically approved in writing by the Property manager, all locks, card access equipment and security equipment shall be produced by a manufacturer reasonably acceptable to 125 West 25th.

3. No rekeying of property mechanical, electrical, telephone or other service areas of the property will be permitted. All unauthorized locks will be removed at the contractor's or tenant's expense.

Work Area Protection

1. The contractor will be required to cover all return ducts with filter media prior to the start of any work. This material must be changed as needed to maintain proper return airflow.

2. Any fouling of the building HVAC system caused by the contractor's failure to properly install protective filtering will be repaired by 125 West 25th at the contractor's expense.

3. The contractor will be required to install protective covering on all common area floors through which materials are to be moved.

Restroom Usage

1. The Contractor will be required to constantly police all areas through which materials and contractor's employees are moved and ensure that all areas are kept clean and free of dust, debris and rubbish. The contractor and sub contractors are required to use the restrooms mandated by Property Management and NOT in any other tenant floors. The contractor will be billed for any cleaning that 125 West 25th must perform as a result of the contractor's presence on the property.

2. The contractor will take all needed action to protect property elevators, corridors, entranceways, doors, doorframes, millwork, corners, ceilings, flooring, walls and any and all other interior or exterior surfaces of the building from any damage that might occur as a result of the contractor's activities in or around the building. All damages caused by the contractor or any contractors' employees, subcontractors, suppliers or vendors will be repaired by 125 West 25th at the contractor's expense.

3. The contractor will maintain the work area in a neat and workmanlike condition at all times.

Life Safety Systems/Utility Shutdowns

1. All water, electrical or other utility shutdowns must be scheduled through the 125 West 25th Management Office in writing, at least thirty (30) days prior to the date of the planned shutdown. All shut downs must be scheduled for after hours periods and at a time acceptable to 125 West 25th. Security and maintenance personnel charges will be billed to the contractor/tenant.

2. All fire alarm work must be tied in to the property alarm panel by the landlord's approved fire alarm service company (landlord approved contractors attached) and all related costs will be billed to the contractor/tenant. All fire alarm testing must be scheduled in writing with the 125 West 25th Management Office one week prior to the date of the planned test. Any needed security and/or maintenance personnel charges will be billed to the contractor/tenant.

3. Tenant and/or contractor shall maintain the continuity of all existing fire alarm circuits that pass thru the leased space when fire alarm wiring is modified or devices are added or removed.

4. Tenant shall pay all costs associated with the removal and/or relocation of any existing fire alarm circuits that interfere or infringe on their design or can't be dressed back in a workmanship manner.

5. Tenant shall pay all costs associated with repairs and/or replacements due to the tenant's or contractors' negligence and any repair work required as a result of any fire alarm system troubles caused by construction or remodeling work completed within their leased space.

6. The contractor will maintain full fire protection coverage in the work area at all times. Sprinkler coverage will be maintained throughout the work area and all sprinkler systems will be refilled at the end of each work day. In the event that sprinkler coverage is not in place after hours, 125 West 25th will require scheduling of a fire watch at the contractor's or tenant's expense.

7. Tenant must give (48) hours' notice when a sprinkler drain down is required and landlord will perform this service free of charge twice for the duration of the project. Any additional requests for this service will be at a cost of $250.00 each. Tenant shall not be required to drain the temporary sprinkler loop in connection with Tenant's Installations (as such term is defined in Article V of the Work Agreement attached as Schedule M to the Lease).

8. All sprinkler piping used in the building will be rigid black iron. No copper or flexible piping will be permitted.

9. All water or electrical check meter installation shall be coordinated through the 125 West 25th Management Office.

10. Fire watch and hot work must be done after hours.

11. If tenant / contractor fails to notify Management that their work requires the building to be taken offline resulting in the activation of the fire alarm system, tenant will be responsible for any associated fines.

Green Buildings

1. Contractor agrees to incorporate Sustainability Standards into the preparation of the Plans and Specifications, when such compliance will not cause a material increase in Construction Costs. Notwithstanding anything to the contrary, landlord and tenant acknowledge and agree that the foregoing is merely a request of landlord, and tenant's compliance with the foregoing shall be in tenant's sole discretion.

Purchasing

1. If Landlord has a comprehensive sustainable purchasing policy as part of its Sustainability Initiative, Contractor agrees to provide information about all material purchases for facility improvements, additions and alterations. Landlord will supply a standard format for reporting purposes that will include, but not be limited to, data on cost, quantity purchased and product sustainability features. Contractor shall timely and fully report to Landlord all such information including product specification sheets on all materials used in connection with the job, as Landlord may require from time to time. Notwithstanding anything to the contrary, landlord and tenant acknowledge and agree that the foregoing is merely a request of landlord, and tenant's compliance with the foregoing shall be in tenant's sole discretion.

Construction Management Plan for Indoor Air Quality

1. Contractor agrees to develop and implement an Indoor Air Quality (IAQ) Management Plan for the construction and occupancy phases of the area being built out as follows.
2. During construction, meet or exceed the recommended Design Approaches of the Sheet Metal and Air Conditioning National Contractors Association (SMACNA) IAQ Guideline for Occupied Buildings Under Construction, 1995, Chapter 3.
3. Protect stored on-site or installed absorptive materials from moisture damage.
4. If air handlers must be used during construction, use filtration media with a Minimum Efficiency Reporting Value (MERV) of 8 at each return air grill, as determined by ASHRAE 52.2-1999.
5. Replace all filtration media immediately prior to occupancy.
6. Make every reasonable effort to minimize the off-gassing of volatile organic compounds used in construction materials within the Building. Efforts may include the use of no-and low-VOC products and materials, allowing products to off-gas before being brought into the Building, and flushing out the space with outside air or air purifiers.
7. Notwithstanding anything to the contrary, landlord and tenant acknowledge and agree that the foregoing paragraphs 1 through 6 are merely requests of landlord, and tenant's compliance with the foregoing shall be in tenant's sole discretion.

Work Area Supervision

1. The contractor shall designate a contact person who will be responsible for the supervision of the project and shall provide a cell phone for the contact person. This person shall function as the contact with 125 West 25th. The contractor will properly supervise the project at all times.

Documentation/Permitting

1. The contractor will be required to secure all applicable permits as may be required by local statute or code and shall at all times comply fully with all applicable building codes, laws and statutes.
2. The contractor will provide 125 West 25th with copies of all building permits prior to the start of any work.
3. Following completion of the project, the contractor will provide 125 West 25th with the following: a. Copies of all as-built drawings for the project b. Copies of all air balancing reports as applicable c. Copies of all equipment manuals and warranties if applicable d. Copy of signed off building permit, indicating all rough and final inspections e. A copy of the temporary and permanent Certificate of Occupancy

Insurance

The contractor shall provide landlord with policies of insurance as required by the Lease, prior to the start of any work.

Tenant's Authorization

We authorize our contractor to make requests for usage of the freight car and/or an engineer and we accept responsibility of any costs associated with their requrest(s).

_____

Tenant Signature

_____

Tenant Print Name

_____

Title **Date**

Contractor's Receipt and Acceptance of Rules & Regulations

I have received and read a copy of the 125 West 25th's Construction Rules & Regulations, dated . I will comply with all the requirements contained therein and by signing below; indicate my receipt of and agreement to comply with these guidelines.

Signed _____

Print Name _____

Contractor Name _____

Project/Tenant _____

Date _____

Landlord Approved Contractors:

Fire Alarm: **Madison Service Corporation**
Contact: [***]
Office #: [***]

Electrician:	**Gunzer Electric** **Contact:[***]** **Office #:[***]**
Alterations/Additions Roof:	**POFI Construction Corp.** **Contact:[***]** **Office #:[***]**

SCHEDULE G

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, courts, elevators, vestibules, corridors and halls shall not be obstructed or encumbered by Tenant or used for any purpose other than ingress and egress to and from the Premises and for delivery of merchandise and equipment in prompt and efficient manner, using elevators and passageways designated for such delivery by Landlord. The Building's fire stairways are for emergency use only; the use thereof for other purposes being expressly prohibited, except as expressly set forth in the Lease.

2. No awnings, air-conditioning units, fans or other projections shall be attached to or project through the outside walls or windows of the Building. No curtains, blinds, shades or screens, other than those which conform to Building standards as established by Landlord from time to time, shall 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 awnings, projections, curtains, blinds, shades, screens or other fixtures must be of a quality, type, design and color, and attached in the manner approved by Landlord. All electrical fixtures hung in offices or spaces along the perimeter of the Premises must be of a quality, type, design and bulb color approved by Landlord.

3. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by Tenant on any part of the outside of the Premises or Building or on the inside of the Premises if the same can be seen from the outside of the Premises without the prior written consent of Landlord except that the name of Tenant may appear on the entrance door of the Premises subject to Landlord's reasonable approval of the size, style, color and manner in which such name is displayed. In the event of the violation of the foregoing by Tenant, if Tenant has refused to remove same after reasonable notice from Landlord, Landlord may remove same without any liability, and may charge the expense incurred by such removal to Tenant.

4. The exterior windows and doors that reflect or admit light and air into the Premises or the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any articles be placed on the windowsills. All windows in the Premises shall be kept closed and all blinds therein, if any, above the ground floor shall be lowered when and as reasonably required because of the position of the sun, during the operation of the Building HVAC system to cool or ventilate the Premises.

5. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules, nor shall any article obstruct any air-conditioning supply or exhaust without the prior written consent of Landlord.

6. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein. All damages resulting from any misuse of such fixtures shall be borne by Tenant.

7. Tenant shall not mark, paint, drill into, or in any way deface any part of the Premises or the Building. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed, and as Landlord may direct. Tenant shall not lay floor tile, or other similar floor covering, so that the same shall come in direct contact with the floor of the Premises, and, if such floor covering is desired to be used an interlining of builder's deadening felt shall be first affixed to the floor, by a paste or other material, soluble in water, the use of cement or other similar adhesive material being expressly prohibited.

8. No space in the Building shall be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods or property of any kind at auction or otherwise (subject to Tenant's use of the Premises to store or display its product in limited quantities in accordance with the terms and provisions of the Lease, including, without limitation, Article 5 thereof).

9. Tenant shall not make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of the Building or neighboring buildings or premises or those having business with them whether by the use of any musical instrument, radio, television set, tape player, phonograph, whistling, singing, or in any other way.

10. Tenant, or any of Tenant's servants, employees, agents, sublessees, visitors or licensees, shall not at any time bring or keep upon the Premises any inflammable, combustible or explosive fluid, chemical or substance except such as are incidental to usual office occupancy and are properly safeguarded.

11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof, unless Tenant promptly provides Landlord with the key or combination thereto (except with respect to security areas). Tenant must, upon the termination of its tenancy, return to Landlord all keys of stores, offices and toilet rooms, and in the event of the loss of any keys furnished at Landlord's expense, Tenant shall pay to Landlord the cost thereof.

12. No bicycles, vehicles or animals of any kind except for seeing eye dogs shall be brought into or kept by Tenant in or about the Premises or the Building.

13. All removals, or the carrying in or out of any safes, freight, furniture or bulky matter of any description, must take place in the manner and during the hours which Landlord or its agent reasonably may determine from time to time. Unless Landlord grants prior approval, Tenant shall not be permitted to perform any of the foregoing during Operating Hours on Business Days. 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 shall have the right to prescribe the weight and position of safes and other objects of excessive weight, and no safe or other object whose weight exceeds the lawful load for the area upon which it would stand shall be brought into or kept upon the Premises. If, in the judgment of Landlord, it is necessary to distribute the concentrated weight of any heavy object, the work involved in such distribution shall be done at the expense of Tenant and in such manner as Landlord shall determine.

14. Tenant shall not occupy or permit any portion of the Premises demised to it to be occupied as an office for a public stenographer or typist, or for the possession, storage, manufacture or sale of liquor, narcotics or drugs, or as a barber or manicure shop, or as an employment bureau. Tenant shall not engage or pay any employees on the Premises, except those actually working for Tenant at the Premises, nor advertise for labor giving an address at the Premises.

15. Tenant shall not purchase spring water, ice, towels or other like service, or accept barbering or bootblacking services in the Premises, from any company or persons not approved by Landlord, which approval shall not be withheld or delayed unreasonably, or at hours or under regulations other than as reasonably fixed by Landlord.

16. Landlord shall have the right to prohibit any advertising by Tenant which, in Landlord's reasonable opinion, tends to impair the reputation of the Building or its desirability as a building for offices, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

17. Landlord reserves the right to exclude from the Building other than during Operating Hours on Business Days all persons who do not present a pass to the Building signed or approved by Landlord. Tenant shall be responsible for all persons for whom a pass shall be issued at the request of Tenant and shall be liable to Landlord for all acts of such persons.

18. Tenant shall, at its expense, provide artificial light for the employees of Landlord while doing janitor service or other cleaning, and in making repairs or alterations in the Premises.

19. The requirements of Tenant will be attended to only upon written application at the office of the Building. Building employees shall not perform any work or do anything outside of the regular duties, unless under special instructions from the office of Landlord.

20. Canvassing, soliciting and peddling in the Building is prohibited and Tenant shall co-operate to prevent the same.

21. There shall not be used in any space, or in the public halls of the Building, either by Tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

22. Tenant shall not do any cooking, conduct any restaurant, luncheonette or cafeteria for the sale or service of food or beverages to its employees or to others, or cause or permit any odors of cooking of other processes or any unusual or objectionable odors to emanate from the Premises. Tenant shall not install or permit the installation or use of any food, beverage, cigarette, cigar or stamp dispensing machine other than for the exclusive use of Tenant's employees and invitees, or permit the delivery of any food or beverage to the Premises, except by such persons delivering the same as shall be approved by Landlord, which approval shall not be unreasonably withheld or delayed.

23. Tenant shall keep the entrance door to the Premises closed at all times.

24. Any person whose presence in the Building at any time shall, in the judgment of

the Landlord, be prejudicial to the safety, character, reputation and interests of the Building or of its tenants may be denied access to the Building or may be ejected therefrom. In case of invasion, riot, public excitement or other commotion, Landlord may prevent all access to the Building during the continuance of the same, by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building. Landlord may require any person leaving the Building with any package or other object to exhibit a pass from the tenant from whose premises the package or object is being removed, but the establishment and enforcement of such requirement shall not impose any responsibility on Landlord for the protection of any tenant against the removal of property from the premises of the tenant.

25. Smoking is prohibited at all times throughout the Building.

SCHEDULE H

CONTRACTOR'S INSURANCE REQUIREMENTS

CONTRACTOR/SUB REQUIREMENTS (Project Work) - NEW YORK ADDENDUM

Any contactors/subcontractor doing work on premises (whether hired by a Tenant or Construction Manager hiring on Owner's behalf) are required to provide certificates of insurance showing proof of the following MINIMUM insurances. The following is agreed by all parties to be an addendum to any contract/purchase order or proposal which has been exchanged between such parties.

ADDENDUM:

Contractor/Subcontractor Indemnification: *For trade contractors hired to do projects which are being bid (> 10,000 construction costs)*

To the fullest extent permitted by law, Vendor/Contractor shall defend, indemnify and hold harmless Owner, Property Manager, and all additional insured parties, as outlined in below (and herein referred to as "Indemnitee"), from and against all claims, damages, liabilities, losses and expenses, including but not limited to attorneys' fees, arising out of or in any way connected with the performance or lack of performance of the work under the agreement and/or any change orders or additions to the work included in the agreement, provided that any such claim, damage, liability, loss or expense is attributable to bodily injury, sickness, disease or death, or physical injury to tangible property including loss of use of that property, or loss of use of tangible property that is not physically injured, and caused in whole or in part by any actual or alleged:

- Act or omission of the Contractor or anyone directly or indirectly retained or engaged by it or anyone for whose acts it may be liable; or
- Violation of any statutory duty, regulation, ordinance, rule or obligation by an Indemnitee provided that the violation arises out of or is in any way connected with the Contractor's performance or lack of performance of the work under the agreement.

The Contractor's obligations under this Addendum shall apply regardless of whether or not any such claim, damage, liability, loss or expense is or may be attributable to the fault or negligence of the Contractor.

In the event that an Indemnitee is determined to be any percent negligent pursuant to any verdict or judgment, Contractor's obligation to indemnify the Indemnitee for any amount, payment, judgment, settlement, mediation or arbitration award shall extend to the percentage of negligence of the Contractor and anyone directly or indirectly engaged or retained by it and anyone else for whose acts the Contractor is liable.

In any and all claims against an Indemnitee by any employee of the Contractor or anyone directly or indirectly retained or engaged by it or anyone for whose acts it may be liable, the obligations under this Addendum shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for the Contractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

The obligations under this Addendum shall not be limited in any way by the amount or type of insurance required to be provided to or for the benefit of an Indemnitee as described in Addendum of the agreement.

The obligations under this Addendum shall not be construed to negate, abridge or reduce any other right or obligation that would otherwise exist as to any person or entity described in this Addendum.

If any portion of this Addendum is declared unlawful or void by a court of competent jurisdiction, the remaining portions shall remain in full force and effect.

Contractor/Subcontractor Insurance Requirements (HAZARD LIST):

Hazard Levels - *vary by trade – see below*

Low Hazard –

- General Liability (BI/PD/P&AI, premises, completed ops, contractual liability) $1,000,000 occurrence / $2,000,000 aggregate (PER LOCATION AGGREGATE)
- Umbrella (follow-form GL, EL, AL) $1,000,000 per occurrence / aggregate
- Workers Compensation $Statutory
- Employers Liability $100,000 per accident/person / $500,000 per policy
- Automobile Liability $1,000,000 combined single limit including hired & non-owned liability
- Professional $1,000,000 per claim (if required for trade AND determined necessary by Owner)
- Pollution $1,000,000 occ/agg (if required for trade)

Medium Hazard -

- General Liability (BI/PD/P&AI, premises, completed ops, contractual liability) $1,000,000 occurrence / $2,000,000 aggregate (PER LOCATION AGGREGATE)
- Umbrella (follow-form GL, EL, AL) $3,000,000 occurrence/aggregate
- Workers Compensation $Statutory
- Employers Liability $500,000 per accident/person / $500,000 per policy
- Automobile Liability $1,000,000 combined single limit including hired & non-owned liability
- Professional $1,000,000 per claim (if required for trade AND determined necessary by Owner)
- Pollution $2,000,000 occ/agg (if required for trade)

High Hazard -

- General Liability (BI/PD/P&AI, premises, completed ops, contractual liability) $1,000,000 occurrence / $2,000,000 aggregate (PER LOCATION AGGREGATE)
- Umbrella (follow-form GL, EL, AL) $5,000,000 occurrence/aggregate
- Workers Compensation $Statutory
- Employers Liability $1,000,000 per accident/person / $1,000,000 per policy
- Automobile Liability $1,000,000 combined single limit including hired & non-owned liability
- Professional $2,000,000 per claim (if required for trade AND determined necessary by Owner)
- Pollution $5,000,000 occ/agg (if required for trade)

All applicable liability policies shall name the following as Additional Insureds by specific endorsement for **ongoing and completed operations** on a primary and non-contributory basis with a waiver of subrogation in favor of such parties (this includes pollution if required).

Certificates of insurance shall reference.

Maple West 25th Owner, LLC; Maple West 25th Member, LLC; WB WEST 25TH STREET MEMBER, LLC; QUEENS TOWER LLC; Normandy Real Estate Partners, LLC; Normandy FundSub Management Co., LLC; Normandy Development and Construction Services, LLC; Natixis Real Estate Capital, ISAOA

2014 – Project Contractors/Subcontractors 125 W 25th Street, NY, NY	Insurance Hazard Levels*	Pollution Required	Professional Required
FIRE EXT/EMERGENCY LIGHTING	Medium	no	no
TRASH HAULER	Medium	yes	no
HAZARDOUS WASTE REMOVAL	Medium	yes	no
INTERIOR DEMOLITION	Discuss with Risk Mgr	no	no
SITE & EXTERIOR DEMOLITION	Discuss with Risk Mgr	yes	no
EXCAVATION & SEDIMENT			
CONTROLS	Discuss with Risk Mgr	yes	no
SITE UTILITIES	High	yes	no
ASPHALT / PAVING	Low	no	no
LANDSCAPING	Low	yes	no
IRRIGATION SYSTEMS	Low	yes	yes
DECORATIVE SITE/CONST FENCING	Low	no	no
RIGGING & ERECTING	Discuss with Risk Mgr	no	no
HOISTS, CHUTES, LIFT, SCAFFOLDING	Discuss with Risk Mgr	no	no
SHEETING, SHORING, UNDER PINNING	Discuss with Risk Mgr	no	no
PILES, CAISSONS & FOUNDATION SYS	Discuss with Risk Mgr	no	no
SURVEYS & LAYOUT	Low	no	no
ASBESTOS, LEAD, HAZARDOUS MAT	High	yes	no
CONCRETE	Medium	no	no
MASONRY	Medium	no	no
STRUCTURAL STEEL	Medium	no	no
ROUGH CARPENTRY	Low	no	no
ROOFING & ROOFING REPAIRS	Medium	yes	no
WATERPROOFING	Medium	yes	no
DOORS, FRAMES & HARDWARE	Low	no	no
STOREFRONT GLASS & GLAZING	Medium	no	no
WINDOW SYSTEMS	High	yes	no
DRYWALL & ACT SYSTEMS	Low	no	no
FLOORING	Low	no	no
PAINT & WALLCOVERING	Low	no	no
TOILET PARTITIONS & COMPARTMENT	Low	no	no
ARCHITECTURAL LOUVERS & GRILLE	Low	no	no

SIGNAGE	**Low**	**no**	**no**
MANUFACTURED CASEWORK	**Low**	**no**	**no**
WINDOW TREATMENTS	**Low**	**no**	**no**
AWNINGS & CANOPIES	**Low**	**no**	**no**
MODULAR/ OFFICE FURNITURE	**Low**	**no**	**no**
ELEVATOR SYSTEMS	**Medium**	**no**	**yes**
WHEELCHAIR/CHAIR LIFT SYSTEMS	**Medium**	**no**	**no**
PLUMBING SYSTEMS	**Medium**	**yes**	**yes**
FIRE PROTECTION SYSTEMS	**Medium**	**no**	**yes**
HVAC SYSTEMS	**Medium**	**yes**	**yes**
MECHANICAL EQUIPMENT	**Medium**	**no**	**yes**
ELECTRICAL & COMMNUNICATIONS SYSTEM	**Medium**	**no**	**yes**
HIGH VOLTAGE ELECTRICAL	**High**	**no**	**no**
FIRE ALARM SYSTEM	**Medium**	**no**	**no**

Note:

Applicable Property in the Course of Construction (Builder's Risk) insurance must be in place if any alterations GREATER THAN 5,000,000 IN CONSTRUCTION COSTS are being made to the Property in an amount not less then the full replacement cost value of such improvements plus the existing structure. Contractors/Subcontractors are responsible for insuring their own materials, supplies, equipment and other property used on premises that will not become a permanent part of the property.

All coverage or limit exceptions should be approved in writing by External Risk Manager (Eileen Hartzell / [***] / [***].

ANY PROJECTS OVER 5,000,000 CONSTRUCTION COSTS SHOULD HAVE A GENERAL CONTRACTOR INVOLVED OR ABOVE VALUES SHOULD BE INCREASED

SCHEDULE K

FORM OF EXISTING MORTGAGEE SUBORDINATION, ATTORNMENT

AND NON-DISTURBANCE AGREEMENT

SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE AGREEMENT

THIS SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE AGREEMENT ("***Agreement***") is entered into as of _____, 2015 (the "***Effective Date***") by and between **NATIXIS REAL ESTATE CAPITAL LLC**, a Delaware limited liability company (the "***Mortgagee***") and PELOTON INTERACTIVE, INC., a Delaware corporation (hereinafter, collectively the "***Tenant***"), with reference to the following facts:

1. MAPLE WEST 25TH OWNER, LLC, a Delaware limited liability company, whose address is c/o Normandy Real Estate Partners, 53 Maple Avenue, Morristown, New Jersey 07960 (the "***Landlord***") owns fee simple title or a leasehold interest in the real property described in Exhibit "A" attached hereto (the "***Property***").

2. On or about February 6, 2015, Mortgagee made certain loans to Landlord in the aggregate maximum principal amount of Sixty-Two Million Fifty-Eight Thousand Two Hundred Fourteen and 88/100 Dollars ($62,058,214.88) (collectively, the "***Loan***").

3. To secure the Loan, Landlord encumbered the Property by entering into certain mortgages.

4. Pursuant to the Lease effective _____, 2015 (the "***Lease***"), Landlord demised to Tenant the following property (the "***Leased Premises***"): the entire 10th, 11th and Penthouse floors of the building located at 125 West 25th Street, New York, New York.

5. Tenant and Mortgagee desire to agree upon the relative priorities of their interests in the Property and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration, Tenant and Mortgagee agree:

1. *Definitions*. The following terms shall have the following meanings for purposes of this Agreement.

(a) *Foreclosure Event*. A "Foreclosure Event" means: (i) foreclosure under the Mortgage; (ii) any other exercise by Mortgagee of rights and remedies (whether under the Mortgage or under applicable law, including bankruptcy law) as holder of the Loan and/or the Mortgage, as a result of which a Successor Landlord becomes owner of the Property; or (iii) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord's interest in the Property in lieu of any of the foregoing.

(b) *Former Landlord*. A "Former Landlord" means Landlord and any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.

(c) *Offset Right*. An "Offset Right" means any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

(d) *Rent*. The "Rent" means any fixed rent, base rent or additional rent under the Lease.

(e) *Successor Landlord*. A "Successor Landlord" means any party that becomes owner of the Property as the result of a Foreclosure Event.

(f) *Other Capitalized Terms*. If the initial letter of any other term used in this Agreement is capitalized and no separate definition is contained in this Agreement, then such term shall have the same respective definition as set forth in the Lease.

2. *Subordination*. The Lease shall be, and shall at all times remain, subject and subordinate to the terms of the Mortgage, the lien imposed by the Mortgage, and all advances made under the Mortgage provided, however, that nothing contained in this Agreement shall be deemed to affect the obligations of Landlord, as landlord under the Lease.

3. *Nondisturbance, Recognition and Attornment*.

(a) *No Exercise of Mortgage Remedies Against Tenant*. So long as the Tenant is not in default under the Lease beyond any applicable grace or cure periods (an "***Event of Default***"), Mortgagee shall not name or join Tenant as a defendant in any exercise of Mortgagee's rights and remedies arising upon a default under the Mortgage unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies. In the latter case, Mortgagee may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Tenant's rights under the Lease or this Agreement in such action.

(b) *Nondisturbance and Attornment*. If an Event of Default by Tenant is not then continuing, then, when Successor Landlord takes title to the Property: (i) Successor Landlord shall not terminate or disturb Tenant's possession of the Leased Premises under the Lease, except in accordance with the terms of the Lease and this Agreement; (ii) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (iii) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under the Lease as affected by this Agreement; and (iv) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant. Tenant acknowledges notice of the Mortgage and assignment of rents, leases and profits from the Landlord to the Mortgagee. Tenant agrees to continue making payments of rents and other amounts owed by Tenant under

the Lease to the Landlord and to otherwise recognize the rights of Landlord under the Lease until notified otherwise in writing by the Mortgagee (as provided in the Mortgage), and after receipt of such notice the Tenant agrees thereafter to make all such payments to the Mortgagee, without any further inquiry on the part of the Tenant, and Landlord consents to the foregoing.

(c) *Further Documentation*. The provisions of this Article 3 shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and Successor Landlord shall, however, confirm the provisions of this Article 3 in writing upon request by either of them within ten (10) days of such request.

4. *Protection of Successor Landlord*. Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

(a) *Claims Against Former Landlord*. Any Offset Right that Tenant may have against any Former Landlord relating to any event or occurrence before the date of attornment (except to the extent that such Offset Right is expressly set forth in the Lease and the Mortgagee or Successor Landlord has received notice of the same and an opportunity to cure the event giving rise thereto in accordance with the Lease and Article 6 below), including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of attornment and provided that the foregoing shall not relieve Successor Landlord from and after the date of its succeeding as Landlord under such Lease of liability for any of its own acts or omissions which may also have constituted acts or omissions of the prior Landlord to the extent such act or omission is of a continuing nature relating to ongoing maintenance and repair obligations under the Lease, and Successor Landlord has received notice and a reasonable period of time to remedy the same.

(b) *Prepayments*. Any payment of Rent that Tenant may have made to Former Landlord more than thirty (30) days before the date such Rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment.

(c) *Payment; Security Deposit*. Any obligation: (i) to pay Tenant any sum(s) that any Former Landlord owed to Tenant unless such sums, if any, shall have been delivered to Mortgagee by way of an assumption of escrow accounts or otherwise; (ii) with respect to any security deposited with Former Landlord, unless such security was actually delivered to Mortgagee; (iii) to commence or complete any initial construction of improvements in the Leased Premises or any expansion or rehabilitation of existing improvements thereon, subject to Tenant's Offset Rights in Section 4(a) above, provided that Successor Landlord shall have no obligation to perform such construction; (iv) to reconstruct or repair improvements following a fire, casualty or condemnation, provided that Tenant shall be entitled to its remedies under Article 13 and Article 14 of the Lease for Successor Landlord's failure to do so, except that Successor Landlord shall not be required to make any payment to Tenant for any unused credit against Rental, which may be owed due to the Expiration Date occurring prior to the date that such credit is exhausted; or (v) to perform day-to-day maintenance and repairs; provided, however, that so long as no Event of Default is continuing, Successor Landlord will perform the day to day maintenance and repair obligations of the Landlord under, and in accordance with, the terms of the Lease to the extent such obligations arise from and after the date that Successor Landlord becomes owner of the Property and Tenant attorns to such Successor Landlord as described above.

(d) *Modification, Amendment or Waiver*. Any modification or amendment of the Lease, or any waiver of the terms of the Lease, made without Mortgagee's written consent, except to the extent such amendment is purely ministerial and entered into in connection with Tenant's exercise of existing rights of renewal and expansion set forth in the Lease.

(e) *Surrender, Etc*. Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to the express terms of the Lease.

5. *Exculpation of Successor Landlord*. Notwithstanding anything to the contrary in this Agreement or the Lease, upon any attornment pursuant to this Agreement, the Lease shall be deemed to have been automatically amended to provide that Successor Landlord's obligations and liability under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in the Leased Premises from time to time, including insurance and condemnation proceeds, security deposits, escrows, Successor Landlord's interest in the Lease, and the proceeds from any sale, lease or other disposition of the Property (or any portion thereof) by Successor Landlord (collectively, the "***Successor Landlord's Interest***"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) for payment or discharge of any obligations of Successor Landlord under the Lease as affected by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord.

6. *Notice to Mortgagee and Right to Cure*. Tenant shall notify Mortgagee of any default by Landlord under the Lease that would give rise to a right by Tenant to terminate the Lease or abate rent under the Lease and agrees that, notwithstanding any provisions of the Lease to the contrary, no such abatement shall be effective until Mortgagee has been given notice in accordance with Section 7(a) hereof, and no notice of cancellation thereof shall be effective unless Mortgagee shall have received notice of default giving rise to such cancellation and (i) in the case of any such default that can be cured by the payment of money, until forty-five (45) days shall have elapsed following the giving of such notice or (ii) in the case of any other such default, until a reasonable period of time, not to exceed one hundred and fifty (150) days, for remedying such default shall have elapsed following the giving of such notice and following the time when Mortgagee shall have become entitled under the Mortgage to remedy the same, including such time as may be necessary to acquire possession of the Property if possession is necessary to effect such cure, provided Mortgagee, with reasonable diligence, shall (a) pursue such remedies as are available to it under the Mortgage so as to be able to remedy the default, and (b) thereafter shall have commenced and continued to remedy such default or cause the same to be remedied. Notwithstanding the foregoing, Mortgagee shall have no obligation to cure any such default.

7. Miscellaneous.

(a) Notices. Any notice or request given or demand made under this Agreement by one party to the other shall be in writing, and may be given or be served by hand delivered personal service, or by depositing the same with a reliable overnight courier service or by deposit in the United States mail, postpaid, registered or certified mail, and addressed to the party to be notified, with return receipt requested or by telefax transmission, with the original machine-generated transmit confirmation report as evidence of transmission. Notice deposited in the mail in the manner hereinabove described shall be effective from and after the expiration of three (3) days after it is so deposited; however, delivery by overnight courier service shall be deemed effective on the next succeeding business day after it is so deposited and notice by personal service or telefax transmission shall be deemed effective when delivered to its addressee or within two (2) hours after its transmission unless given after 3:00 p.m. on a business day, in which case it shall be deemed effective at 9:00 a.m. on the next business day. For purposes of notice, the addresses and telefax number of the parties shall, until changed as herein provided, be as follows:

If to the Mortgagee, at:

Natixis Real Estate Capital LLC
1251 Avenue of the Americas
New York, New York 10020
Attn: Real Estate Administration
Telecopy No.: [***]

If to the Tenant, prior to the date Tenant first occupies the Premises for the conduct of its business, at:

Peloton Interactive, Inc.
158 West 27th Street, 4th Floor
New York, New York 10001
Attn: General Counsel
Telecopy No.: [***]

If to the Tenant, after the date Tenant first occupies the Premises for the conduct of its business, at:

Peloton Interactive, Inc.
125 West 25th Street
New York, New York 10001
Attn: President
Telecopy No.: [***]

In all cases with a copy to:

Mintz & Gold
470 Park Avenue South
10th Floor North
New York, New York 10016
Attention: Alan Katz, Esq.
Telecopy No.: [***]

(b) Successors and Assigns. This Agreement shall bind and benefit the parties, their successors and assigns, any Successor Landlord, and its successors and assigns. If Mortgagee assigns the Mortgage, then upon delivery to Tenant of written notice thereof accompanied by the assignee's written assumption of all obligations under this Agreement, all liability of the assignor shall terminate. If Tenant consists of more than one person or entity, the representations, warranties, covenants and obligations of such persons and entities hereunder shall be joint and several. A separate action may be brought or prosecuted against any such person or entity comprising Tenant, regardless of whether the action is brought or prosecuted against the other persons or entities comprising Tenant, or whether such persons or entities are joined in the action. Mortgagee may compromise or settle with any one or more of the persons or entities comprising Tenant for such sums, if any, as it may see fit and may in its discretion release any one or more of such persons or entities from any further liability to Mortgagee without impairing, affecting or releasing the right of Mortgagee to proceed against any one or more of the persons or entities not so released.

(c) Entire Agreement. This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

(d) Interaction with Lease and with Mortgage. If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties and any Successor Landlord, including upon any attornment pursuant to this Agreement. This Agreement supersedes, and constitutes full compliance with, any provisions in the Lease that provide for subordination of the Lease to, or for delivery of nondisturbance agreements by the holder of, the Mortgage.

(e) Mortgagee's Rights and Obligations. Except as expressly provided for in this Agreement, Mortgagee shall have no obligations to Tenant with respect to the Lease. If an attornment occurs pursuant to this Agreement, then all rights and obligations of Mortgagee under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.

(f) Interpretation; Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State in which the Leased Premises are located, excluding such State's principles of conflict of laws.

(g) Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

(h) Due Authorization. Tenant represents to Mortgagee that it has full authority to enter into this Agreement, which has been duly authorized by all necessary actions. Mortgagee represents to Tenant that it has full authority to enter into this Agreement, which has been duly authorized by all necessary actions.

(i) *Execution*. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Mortgagee and Tenant have caused this Agreement to be executed as of the date first above written.

ATTEST:

MORTGAGEE:

NATIXIS REAL ESTATE CAPITAL LLC,
a Delaware limited liability company

_____
Name:
Title:

By: _____
Name:
Title:

_____
Name:
Title:

By: _____
Name:
Title:

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

TENANT:

PELOTON INTERACTIVE, INC.
a Delaware corporation

By: _____
Name:
Title:

By: _____
Name:
Title:

LANDLORD'S CONSENT

Landlord consents and agrees to the foregoing Agreement, which was entered into at Landlord's request. The foregoing Agreement shall not alter, waive or diminish any of Landlord's obligations under the Mortgage or the Lease. The above Agreement discharges any obligations of Mortgagee under the Mortgage and related loan documents to enter into a nondisturbance agreement with Tenant. Landlord is not a party to the above Agreement.

LANDLORD:

MAPLE WEST 25th OWNER, LLC

By: _____
Name: _____
Title: _____

Dated: _____

MORTGAGEE'S ACKNOWLEDGMENT

STATE OF NEW YORK

COUNTY OF NEW YORK

On this, the __ day of _____, 20__, before me a Notary Public in and for the State of New York, the undersigned officer, personally appeared _____, who acknowledged himself/herself to be a Director of NATIXIS REAL ESTATE CAPITAL LLC, a Delaware limited liability company, and that he/she, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the NATIXIS REAL ESTATE CAPITAL LLC by himself/herself as such officer.

I certify that I am not an officer or director of the above-named bank, banking institution or trust company. [***Strike if inapplicable***]

In witness whereof, I hereunto set my hand and official seal.

_____

_____[SEAL]
Notary Public

My Commission Expires:_____ , 20__

STATE OF NEW YORK

COUNTY OF NEW YORK

On this, the __ day of _____, 20__, before me a Notary Public in and for the State of New York, the undersigned officer, personally appeared _____, who acknowledged himself/herself to be a Director of NATIXIS REAL ESTATE CAPITAL LLC, a Delaware limited liability company, and that he/she, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the NATIXIS REAL ESTATE CAPITAL LLC by himself/herself as such officer.

I certify that I am not an officer or director of the above-named bank, banking institution or trust company. [***Strike if inapplicable***]

In witness whereof, I hereunto set my hand and official seal.

_____

_____[SEAL]
Notary Public

My Commission Expires:_____ , 20__

TENANT'S ACKNOWLEDGMENT

STATE OF _____ :

: SS

COUNTY OF _____ :

On this, the __ day of _____, _____, before me a Notary Public in and for the State of _____, the undersigned officer, personally appeared _____ , who acknowledged that he/she is the _____ of _____, a _____, and that he/she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as such officer.

In witness whereof, I hereunto set my hand and official seal.

_____

_____[SEAL]

Notary Public

My Commission Expires:

_____, 20____

LIST OF EXHIBITS

If any exhibit is not attached hereto at the time of execution of this Agreement, it may thereafter be attached by written agreement of the parties, evidenced by initialing said exhibit.

Exhibit “A” - Legal Description of the Land

SCHEDULE L

INTENTIONALLY OMITTED

SCHEDULE M

WORK AGREEMENT

Landlord and Tenant hereby covenant and agree as follows:

ARTICLE I
LANDLORD'S INITIAL ALTERATIONS

A. Landlord, at its cost and expense, shall furnish, install and perform in the Premises, all of the work ("Landlord's Initial Alterations Work") shown on the Final Plans (as hereinafter defined), including, without limitation, arranging for the expediter and third party inspector, except that Landlord shall not be required to expend any sums in excess of Landlord's Maximum Contribution (as hereinafter defined) to the cost and expense of such work, it being agreed that all such costs and expenses in excess of Landlord's Maximum Contribution shall be paid by Tenant as set forth in this Work Agreement.

B. Landlord shall engage Mancini Duffy (the "Architect") and Edwards & Zuck (the "MEP Engineer"), to prepare the plans and specifications for Landlord's Initial Alterations Work in accordance with the terms and conditions of Article 6 of this Lease (collectively, the "Final Plans") at Tenant's direction, and at Landlord's cost and expense (subject to Landlord's Maximum Contribution). Tenant shall cause the Architect (and the MEP Engineer, as applicable) to deliver to Landlord for review in accordance with Article 6 of this Lease, (i) preliminary architectural space plans which shall be complete on or prior to November 15, 2015 ("Preliminary Plans") and (ii) a complete set of construction drawings (*i.e.*, proposed Final Plans) on or prior to December 31, 2015 (it being agreed that Landlord shall use commercially reasonable efforts to assist in the coordination and planning of Landlord's Initial Alterations Work as set forth in this Work Agreement). If Landlord shall request any revisions to the Preliminary Plans or additional information to facilitate Landlord's review thereof, Tenant shall cooperate with Landlord and cause the Architect (and the MEP Engineer, as applicable) to reflect such revisions in the proposed Final Plans and to deliver such information. From and after December 31, 2015, if Landlord shall request any revisions to the proposed Final Plans or additional information to facilitate Landlord's review thereof, Tenant shall cause the Architect (and the MEP Engineer, as applicable) to perform such revisions or deliver such information, as applicable, in each case, within five (5) Business Days after written request. If (w) Tenant shall fail to submit the Preliminary Plans to Landlord by November 15, 2015, or (x) Tenant shall fail to submit the proposed Final Plans to Landlord by December 31, 2015, or (y) more than one (1) set of revisions shall be required to the proposed Final Plans, or (z) or any re-submission of the proposed Final Plans or information required in connection with Landlord's review of the proposed Final Plans shall not be submitted by Tenant within five (5) Business Days after the later of (I) December 31, 2015 and (II) the date of Landlord's written request, then any such delay set forth in clauses (w) through (z) may in accordance with Article 1 of this Lease constitute a Tenant Delay hereunder.

C. After Landlord shall have approved the Final Plans for Landlord's Initial Alterations Work in accordance with Article 6 of this Lease and this Schedule M, (i) Landlord shall engage Archstone Builders LLC (the "General Contractor") as the general contractor in connection with the performance of Landlord's Initial Alterations and (ii) Landlord shall solicit (or shall cause the General Contractor to solicit) with input from Tenant provided that Tenant shall make its representative reasonably available for such purpose, a minimum of three (3) bids for each trade estimated by Landlord to cost in excess of Twenty-five Thousand and 00/100 Dollars ($25,000.00), except that in the case of the following trades, Landlord will solicit at least five (5) bids: electrical, mechanical, dry wall and ceilings, and sprinklers. Landlord shall keep Tenant apprised regarding the status of the bid process (which shall be an open book process) and Landlord shall instruct each bidder to submit its bid by email to Landlord and Tenant simultaneously. Landlord and Tenant shall "level" the bids together, provided that Tenant shall make its representative reasonably available for such purpose. Within a reasonable period of time after the bids for Landlord's Initial Alterations Work have been received, the Landlord shall compile and propose a lump sum fixed price (the "Lump Sum Fixed Price") to perform Landlord's Initial Alterations Work, guaranteeing the cost of the Landlord's Initial Alterations Work, and Landlord shall notify Tenant thereof (the "Bid Result Notice"). In calculating the Lump Sum Fixed Price, the Landlord shall take into account (i) the lowest responsible bids received by Landlord (or its construction manager or the General Contractor) for each trade, which can meet the schedule for completion on a non-premium time basis, plus (ii) the General Contractor's best estimate for trade items and miscellaneous items not yet bid plus reasonable allowances for work items which are required but not quantifiable, plus (iii) any other construction costs that are not included in clauses (i) and (ii) such as costs of construction material, construction equipment, construction labor, permits allowance, final cleaning, temporary protection, plus (iv) all design and construction related Soft Costs, including, without limitation, architectural and engineering fees (but excluding the review of Tenant's drawings by Landlord's architect and engineer), permitting and filing fees, expediter fees, code consultant fees and special inspection fees (collectively, "Design and Construction Soft Costs"), (v) a contingency in an amount equal to three percent (3%) of the aggregate costs set forth in clauses (i), (ii), (iii) and (iv) above, plus (vi) an amount equal to ten percent (10%) of the aggregate costs set forth in clauses (i) through (v) above (but excluding (iv)), which amount shall constitute the cost of the General Contractor's overhead, including but not limited to, project executive, project manager, project engineer, field superintendent, administrative, accounting, insurance (which constitutes 2% of the 10% overhead, and is calculated on the total project cost), reproduction cost, courier expenses, safety program, cell phones, clean up labor, dumpsters, the cost of using the outside hoist during the construction of Landlord's Initial Alterations Work and any and all customary overhead costs, plus (vii) a construction management fee in an amount equal to four percent (4%) of the aggregate of the amounts set forth in clauses (i) through (vi) herein (but excluding (iv)), plus (viii) a Landlord project management fee equal to four percent (4%) of hard costs and soft costs, provided that in no event shall such Landlord project management fee exceed a sum equal to $40,000.00. The Lump Sum Fixed Price delivered by Landlord to Tenant shall include reasonable detail of the manner in which the Landlord calculated the Fixed Lump Sum Price based on clauses (i) through (viii) above; any unused contingency fee per clause (v) above shall accrue to Tenant's benefit. In connection with the use of contingency fee pursuant to clause (v) above, Landlord shall provide Tenant with documentation and information reasonably requested by Tenant (a) to evaluate and verify any such costs; (b) to demonstrate that such costs are reasonably necessary to complete the Landlord's Initial Alterations Work; and (c) to demonstrate that such costs are a legitimate charge against the contingency pursuant to the requirements of Landlord's agreement with the General Contractor.

D. Notwithstanding anything contained herein to the contrary, Landlord's costs and expenses incurred with respect to Landlord's Initial Alterations Work, any Additional Work (as hereinafter defined), and the payment of any Soft Costs (as hereinafter defined) (collectively, the "Sum of Landlord's Costs") shall not exceed the amount of Landlord's Maximum Contribution. Tenant shall pay all costs and expenses in excess of Landlord's Maximum Contribution in accordance with Article II of this Work Agreement.

ARTICLE II
EXCESS COSTS; ADDITIONAL WORK

A. Within three (3) Business Days after Tenant's receipt of the Bid Result Notice, Tenant shall pay to Landlord, prior to the commencement of Landlord's Initial Alterations Work, the amount by which the Fixed Lump Sum Price exceeds Landlord's Maximum Contribution (the "Excess Work Cost"), it being agreed that such payment shall be reconciled by Landlord and Tenant upon the completion of Landlord's Initial Alterations Work and any Additional Work to be performed in accordance with this Schedule M. If Tenant fails to pay the Excess Work Cost within three (3) Business Days after Tenant's receipt of the Bid Result Notice (with time being of the essence), such delay shall constitute a Tenant Delay hereunder.

B. If, subsequent to the approval of the Final Plans, Tenant shall request Landlord to perform additional work in the Premises (exclusive of Landlord's Base Building Work), or if Tenant shall request to substitute work or materials for those items reflected in the approved Final Plans and Fixed Lump Sum Price (any such requested additional work or changes, "Additional Work"), then Landlord shall cause the General Contractor to estimate reasonably the cost of such Additional Work (including without limitation, any architectural and engineering fees and any cost of permits, filing fees and Landlord's expediter, plus all such fees as set forth in Section I.C of this Work Agreement in connection with such Additional Work) (collectively, "Construction Change Fees")) and advise Tenant of such estimate (the "Post-Bid Estimate"). Tenant shall either promptly approve or withdraw its request for all or part of the Additional Work so estimated. If Tenant fails to approve or withdraw any request for Additional Work within three (3) Business Days after Tenant's receipt of a Post-Bid Estimate, Tenant shall be deemed to have disapproved such Additional Work and the Post-Bid Estimate therefor, Landlord shall have no responsibility to cause such Additional Work to be performed. If Tenant approves any Additional Work after receipt of a Post-Bid Estimate therefor, Tenant shall pay to Landlord, prior to the commencement of the applicable Additional Work, the amount by which the Post-Bid Estimate exceeds (or further exceeds) Landlord's Maximum Contribution (the "Excess Additional Work Cost"), it being agreed that such payment shall be reconciled by Landlord and Tenant upon the completion of Landlord's Initial Alterations Work and all Additional Work to be performed in accordance with this Schedule M. If Tenant fails to pay the Excess Additional Work Cost simultaneously with its approval of the applicable Additional Work (i.e., within three (3) Business Days after Tenant's receipt of the Post-Bid Estimate therefor, with time being of the essence), such delay shall constitute a Tenant Delay hereunder.

C. If, in Landlord's commercially reasonable judgment, any items of Landlord's Initial Alterations Work or Additional Work shall involve ordering of materials or products which must be specially fabricated to order and thus will prevent Landlord's Substantial Completion of Landlord's Initial Alterations Work by August 30, 2016, then Landlord may

require Tenant to agree that, so long as Landlord's Base Building Work is substantially completed by such later date as is reasonably determined by Landlord, written notice of which date is provided to Tenant within a reasonable time after such materials or products are ordered, the Commencement Date shall be August 30, 2016 as a condition to Landlord's approval of such items of Landlord's Initial Alterations Work or Additional Work.

D. Landlord shall, or shall cause its General Contractor to, send to Tenant for its information only a copy of all requisitions for payment submitted by the General Contractor to Landlord.

ARTICLE III
TENANT'S AUTHORIZED AGENT(S)

The Architect shall be deemed an agent of Tenant duly authorized to bind and act for Tenant in all respects.

ARTICLE IV
TENANT DELAY; ADVANCEMENT OF COMMENCEMENT DATE

To the extent there is a Tenant Delay, then the Commencement Date shall be deemed to have occurred with respect to the Premises (and Landlord's Initial Alterations Work and Landlord's Base Building Work shall be deemed to have been Substantially Completed therein) on the date the Premises would have been available for delivery to Tenant with such work Substantially Completed but for the duration of such Tenant Delay, even if work to be done by Landlord has not been commenced or completed.

ARTICLE V
TENANT'S INSTALLATIONS

Upon Tenant's reasonable advance request therefor, which request may be made verbally to Landlord's property management team, Tenant shall be permitted to enter the Premises prior to the Commencement Date from time to time solely for purposes of conducting customary pre-Commencement Date activities, such as taking or preparation of measurements, surveys, elevations, sketches and layouts; it being understood, however, that (i) Tenant shall not have the right to enter the Premises as aforesaid unless Tenant is accompanied by a designated representative of Landlord at all times during such entry (it being agreed that Landlord shall use commercially reasonable efforts to provide a designated representative to accompany Tenant as contemplated herein), and (ii) during any period in which Tenant is in the Premises, (x) Tenant shall comply with all terms and conditions of the Lease (and the same shall be deemed to apply during such period), including, without limitation, Article 12 thereof, other than the obligation to pay Fixed Rent and Escalation Rent, (y) Tenant shall not interfere with the operation of the Building or interfere with or delay Landlord's performance of and completion of Landlord's Work, and (z) Landlord shall have no liability to Tenant for any damage to Tenant's materials left at the Premises during the performance of Landlord's Work. In addition, on or prior to July 1, 2016 (such date, subject to extension by up to one week due to construction scheduling and subject to further extension on a day-for-day basis by Tenant Delay and Unavoidable Delay, the "Early Access Date"), Landlord shall provide Tenant with access to the Premises ("Early Access") for the purposes of performing any installations or other work, including, without limitation, any installation of furniture and data and telecommunications wiring and cabling, which are not to be performed by Landlord for Tenant hereunder (collectively, "Tenant's Installations"), provided that the following terms and conditions shall apply to such Early Access:

A. Tenant's right to Early Access to perform Tenant's Installations shall be subject to the conditions that (i) such Tenant's Installations shall not require any structural changes to the Premises or the Building (or, if a structural change is required, Landlord shall have consented thereto in accordance with Article 6 of this Lease); (ii) Landlord's Base Building Work, Landlord's Initial Alterations Work and any Additional Work required to be made and performed by Landlord in the Premises shall have reached a point with respect to which, in Landlord's sole judgment, the performance of Tenant's Installations can then be performed or made safely without delaying or hampering Landlord in the completion of such work; (iii) such Early Access shall be subject to Tenant's coordination with Landlord's construction schedule and compliance with the terms and conditions of the Lease to which this Work Agreement is annexed, including without limitation, Articles 6, 12 and 33 thereof.

B. Prior to the Commencement Date, any Early Access by Tenant in or on the Premises shall be at Tenant's sole risk. Tenant's Installations shall be completed free of all liens and encumbrances. Tenant's Installations shall include, without limitation, access by Tenant's telephone, cable and other information technology contractors, subject to Article 12 and Article 33 of the Lease to which this Work Agreement is annexed.

C. In the event Tenant or any agent or contractor of Tenant shall enter upon the Premises or any other part of the Building, then, except to the extent caused by the negligence or willful misconduct of Landlord or Landlord's agents, employees, contractors or representatives, Tenant agrees to indemnify and save Landlord free and harmless from and against any and all claims whatsoever arising out of said entry or any work performed by such contractor. Tenant's agents, contractors and their employees shall comply with the special rules, regulations and requirements of Building management for the performance of work and coordination of said agents, contractors and their employees so as to minimize the intrusion into the operation of the Building and the business operation of other tenants.

D. For the avoidance of doubt, Landlord shall have no obligation to furnish any furniture, furnishings or other personal property or telecommunications or audiovisual equipment to the Premises.

ARTICLE VI
PAYMENT OF FFE COSTS

Provided that no Event of Default is then continuing, Landlord shall pay for "FFE" costs for Tenant's furniture installation and voice and data cabling (collectively, "FFE Costs"), provided that Landlord shall not be obligated to fund more than twenty-five percent (25%) of Landlord's Maximum Contribution for the sum total of the Design and Construction Soft Costs and FFE Costs (collectively, "Soft Costs"), and provided further, for the avoidance of doubt, that in no event shall Landlord be obligated to fund any payment for Soft Costs which would cause

the Sum of Landlord's Costs to exceed Landlord's Maximum Contribution. Landlord shall pay for such FFE Costs by paying the suppliers and/or consultants designated by Tenant or by reimbursing Tenant, at Tenant's option, for such FFE Costs, from time to time, but no more frequently than in monthly installments, within thirty (30) days after, with respect to each such installment, Landlord receives a written signed statement or request from an authorized officer of Tenant outlining in detail the amount of the Soft Costs already paid by Landlord and the amount then being requested in such installment, along with a certified statement by Tenant that the amount claimed is for reimbursement to the listed parties and accompanied by proper invoices which are due and payable. Each such requisition for payment of such an installment must be made by Tenant and received by Landlord (along with all required documentation and information set forth in this Article VI) no later than two (2) years after the Commencement Date. Notwithstanding anything to the contrary contained in this Article VI, if, at the time any installment of the Soft Costs is required to be made, Tenant is in default in the payment of Fixed Rent or Additional Rent after the expiration of applicable notice and grace periods, then Landlord may offset the amount of such arrearages against the installment due from Landlord under this Article VI.

ARTICLE VII
UNUSED PORTION OF LANDLORD'S MAXIMUM CONTRIBUTION

Provided that no Event of Default is then continuing, if, after the completion of all of Landlord's Initial Alterations Work and Additional Work and the payment of all costs of such work and the payment of all Soft Costs, the amount of the Sum of Landlord's Costs is less than the amount of Landlord's Maximum Contribution, Tenant shall have the right to apply the lesser of (x) the amount by which Landlord's Maximum Contribution exceeds the Sum of Landlord's Costs and (y) $176,857.08, as a credit against installments of Fixed Rent and/or Additional Rent, upon sixty (60) days' prior written notice to Landlord. Except as set forth in this Article VII, Tenant shall not be entitled to any payment or credit for any amounts by which Landlord's Maximum Contribution exceeds the Sum of Landlord's Costs.

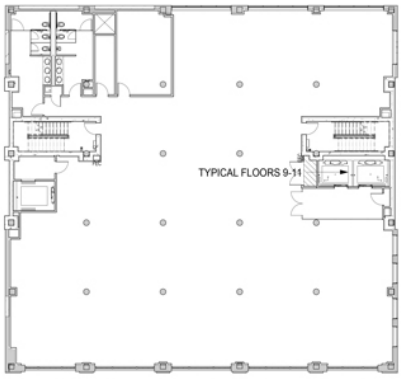
ARTICLE VII
DEFINED TERMS

Any capitalized term used in this Work Agreement but not defined shall have the meaning that is ascribed to such term in the Lease to which this Work Agreement is attached.

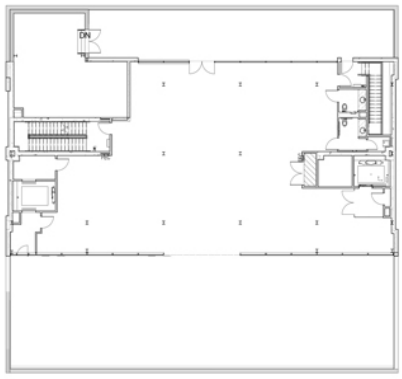
SCHEDULE N

DEPICTION OF THE TELECOMMUNICATIONS CLOSETS

(See attached)



1 TENANT - TEL CL FLOORS 9-11
1/16" = 1'-0"



2 TENANT - TEL CL PENTHOUSE
1/16" = 1'-0"

MANCINI DUFFY
ARCHITECTURE | PLANNING | INTERIORS

Halsey McCormack & Helmer Inc. Architects
275 Seventh Avenue, New York, N.Y. 10001
Tel: 212.938.1260 Fax: 212.938.1267

CLIENT:
MAPLE WEST 25TH OWNER, LLC

DRAWING TITLE:
PELOTON TEL CL

DRAWING SCALE: AS NOTED
SHEET:

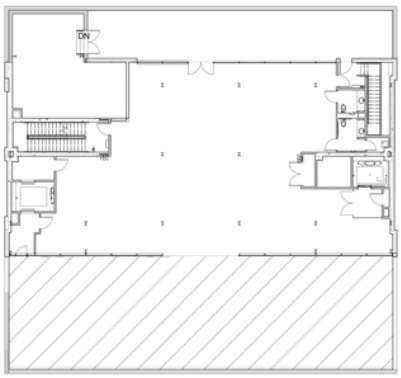
ISSUE DATE:
ISSUE/REVISION:
PROJECT NUMBER: 02-2731-0200
DRAWING NUMBER: SK-012

DRAWN BY: Author CHECK BY: Checker

SCHEDULE O-1

DEPICTION OF THE SOUTH TERRACE

(See attached)



1 TENANT - PENTHOUSE SOUTH TERRACE
1/16" = 1'-0"

MANCINI DUFFY
ARCHITECTURE | PLANNING | INTERIORS

Halsey McCormack & Helmer Inc. Architects
275 Seventh Avenue, New York, N.Y. 10001
Tel: 212.938.1260 Fax: 212.938.1267

CLIENT:
MAPLE WEST 25TH OWNER, LLC

DRAWING TITLE:
PELOTON SOUTH TERRACE

DRAWING SCALE: AS NOTED
SHEET:

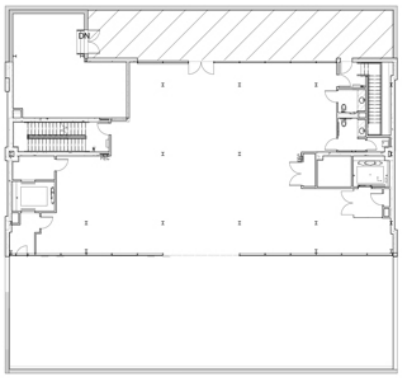
ISSUE DATE:
PROJECT NUMBER: 02-2731-0200
ISSUE/REVISION:
DRAWING NUMBER: SK-010

DRAWN BY: Author CHECK BY: Checker

SCHEDULE O-2

DEPICTION OF THE NORTH TERRACE

(See attached)



1 TENANT - PENTHOUSE NORTH TERRACE
1/16" = 1'-0"

MANCINI DUFFY
ARCHITECTURE | PLANNING | INTERIORS

Halvey McCormack & Helmer Inc. Architects
275 Seventh Avenue, New York, N.Y. 10001
Tel: 212.938.1260 Fax: 212.938.1267

CLIENT:
MAPLE WEST 25TH OWNER, LLC

DRAWING TITLE:
PELOTON NORTH TERRACE

DRAWING SCALE: AS NOTED
SHEET:

ISSUE DATE:
PROJECT NUMBER: 02-2731-0200
ISSUE/REVISION:
DRAWING NUMBER: SK-011

DRAWN BY: Author CHECK BY: Checker

SCHEDULE P

INSTRUMENTS OF RECORD

1. Instrument dated December 1, 1894 and recorded December 31, 1984 in Liber 321 page 227 in the official records of the County of New York, State of New York.

2. Sidewalk Notice filed September 3, 1997 under number 66510.

3. Consolidated, Amended and Restated Term Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated February 6, 2015, and recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062746.

4. Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated February 6, 2015, and recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062748.

5. Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated February 6, 2015, and recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062750.

6. Assignment of Leases and Rents dated February 6, 2015, and recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062747.

7. Assignment of Leases and Rents dated February 6, 2015, and recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062749.

8. Assignment of Leases and Rents dated February 6, 2015, and recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062751.

9. UCC-1 Financing Statement recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062752.

10. UCC-1 Financing Statement recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062753.

11. UCC-1 Financing Statement recorded February 24, 2015 in the City Register of the County of New York, State of New York at CRFN No. 2015000062754.

12. Deed from W25 LLC to Maple West 25th Owner LLC dated July 15, 2013 and recorded August 30, 2013 in the City Register of the County of New York, State of New York at CRFN No. 2013000350345.

SCHEDULE Q

INTENTIONALLY OMITTED

SCHEDULE R

LIST OF PLANS AND SPECIFICATIONS FOR LANDLORD'S BASE BUILDING WORK

(See attached)

125 W 25th Street Drawings List
Latest Revision: 3/30/2015

ARCHITECTURAL

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A-003	LEGENDS & NOTES
A-004	LEGENDS & NOTES
A-005	FIRE STOPPING AND NOTES
A-006	FIRE STOPPING AND NOTES CONT
A-007	FIRE STOPPING AND NOTES CONT
A-008	FIRE STOPPING AND NOTES CONT
A-009	FIRE STOPPING AND NOTES CONT
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A-012	EGRESS PLAN FLOORS 2-6, 8-10
A-013	EGRESS PLAN FLOOR 11
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A-016	FEMA MAP
A-017	FEMA MAP
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M-305	MECHANICAL PLAN FLOOR 5
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M-307	MECHANICAL PLAN FLOOR 7
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M-310	MECHANICAL PLAN FLOOR 10
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E-303	ELECTRICAL PLAN FLOOR 3
E-304	ELECTRICAL PLAN FLOOR 4
E-305	ELECTRICAL PLAN FLOOR 5
E-306	ELECTRICAL PLAN FLOOR 6
E-307	ELECTRICAL PLAN FLOOR 7
E-308	ELECTRICAL PLAN FLOOR 8
E-309	ELECTRICAL PLAN FLOOR 9
E-310	ELECTRICAL PLAN FLOOR 10
E-311	ELECTRICAL PLAN FLOOR 11
E-312	ELECTRICAL PLAN PENTHOUSE
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P-908	PLUMBING 8TH FLOOR DEMOLITION PLAN
P-909	PLUMBING 9TH FLOOR DEMOLITION PLAN
P-910	PLUMBING 10TH FLOOR DEMOLITION PLAN
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TC-307 TELECOMMUNICATION PLAN FLOOR 7
TC-308 TELECOMMUNICATION PLAN FLOOR 8
TC-309 TELECOMMUNICATION PLAN FLOOR 9
TC-310 TELECOMMUNICATION PLAN FLOOR 10
TC-311 TELECOMMUNICATION PLAN FLOOR 11
TC-312 TELECOMMUNICATION PLAN FLOOR 12
TC-501 TELECOMMUNICATION RISER DIAGRAM

TC-601 TELECOMMUNICATION PART PLANS AND ELEVATION

PROJECT MANUAL / SPECIFICATIONS

Latest Revision Date: March 5, 2014

SCHEDULE S

EXISTING RIGHTS WITH RESPECT TO THE NINTH FLOOR OF THE BUILDING

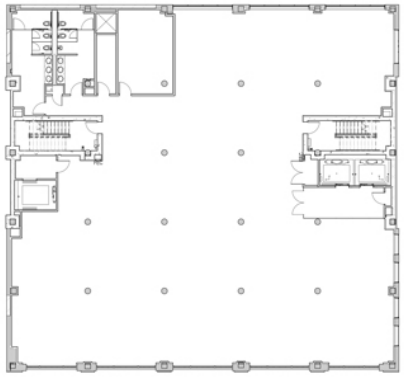
NONE.

SCHEDULE T

FLOOR PLAN OF THE INITIAL EXPANSION SPACE (NINTH FLOOR PREMISES)

(See attached)

ALL AREAS, DIMENSIONS AND CONDITIONS ARE APPROXIMATE



1 TENANT - 9TH FLOOR
1/16" = 1'-0"

MANCINI DUFFY
ARCHITECTURE | PLANNING | INTERIORS

Halsey McCormack & Helmer Inc. Architects
275 Seventh Avenue, New York, N.Y. 10001
Tel: 212.938.1260 Fax: 212.938.1267

CLIENT:
MAPLE WEST 25TH OWNER, LLC

DRAWING TITLE:
PELOTON 9TH FLOOR

DRAWING SCALE: AS NOTED
SHEET:

ISSUE DATE:
PROJECT NUMBER: 02-2731-0200
ISSUE/REVISION:
DRAWING NUMBER: SK-006

DRAWN BY: Author CHECK BY: Checker

BLANKROME

The Chrysler Building
405 Lexington Avenue | New York, NY 10174

Phone: [***]
Fax: [***]
Email: [***]

November 30, 2018

BY OVERNIGHT DELIVERY

Peloton Interactive, Inc.
125 West 25th Street
New York, New York 10001

Re: That certain lease ("Lease") between **CBP 441 NINTH AVENUE OWNER LLC,** ("Landlord") and **PELOTON INTERACTIVE, INC.** ("Tenant"), for certain premises located at 441 Ninth Avenue, New York, New York 10001 (the "Premises")

Dear David:

Enclosed please find one fully-executed, original counterpart of the Lease for your records. I can't wait until you're up and running at the beautiful new office; congratulations again!

Very truly yours,

/s/ Henri Chalouh
Henri Chalouh

Enclosure

150291.00422/115139654v.1

CBP 441 Ninth Avenue Owner LLC,

("Landlord")

TO

Peloton Interactive, Inc.

("Tenant")

Lease

Dated as of November 16, 2018

TABLE OF CONTENTS

EXHIBITS

INDEX OF DEFINED TERMS

LEASE, dated as of November 16, 2018 (the **"Effective Date"**), between CBP 441 Ninth Avenue Owner LLC, a Delaware limited liability company (**"Landlord"**) whose address is 501 Madison Avenue, 5th Floor, New York, New York 10022-5622 US, and Peloton Interactive, Inc., a Delaware corporation (**"Tenant"**), whose address is 125 West 25th Street, New York, New York 10001.

WITNESSETH

WHEREAS, Landlord is willing to lease to Tenant and Tenant is willing to hire from Landlord, on the terms hereinafter set forth, certain space in the office building located at 441 Ninth Avenue, New York, New York (the **"Building"**) on the land more particularly described in Exhibit A attached hereto and made a part hereof (the **"Land"**; the Land and the Building and all plazas, sidewalks and curbs adjacent or appurtenant thereto are collectively called the "**Project**").

NOW, THEREFORE, Landlord and Tenant agree as follows:

ARTICLE 1
PREMISES; TERM; USE

Section 1.01 Demise. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to the terms and conditions of this Lease, the entire fourth (4th) through tenth (10th) floors of the Building and a portion of the lower level of the Building, substantially as shown hatched on the plans (herein, the **"Floor Plans"**) annexed as Exhibit B to this Lease and made a part hereof (collectively called the **"Premises"**) The portion of the Premises comprised of the exterior setback/terrace areas, are hereinafter called, the **"Terraces"** and the portion of the Premises located on the lower level of the Building is hereinafter called the **"Lower Level Premises".** Landlord and Tenant agree that for the purposes of this Lease (i) the Premises, exclusive of the Terraces and the Lower Level Premises, are deemed to contain 298,961 rentable square feet (consisting of 50,319 rentable square feet attributable to the entire fourth (4th) floor; 50,319 rentable square feet attributable to the entire fifth (5th) floor; 49,857 rentable square feet attributable to the entire sixth (6th) floor; 49,191 rentable square feet attributable to the entire seventh (7th) floor; 48,297 rentable square feet attributable to the entire eighth (8th) floor; 25,998 rentable square feet attributable to the entire ninth (9th) floor; and 24,980 rentable square feet attributable to the entire tenth (10th) floor), (ii) the Lower Level Premises is deemed to contain 13,239 usable square feet. Landlord and Tenant acknowledge and agree that the foregoing square footage determinations of the Premises have been determined in accordance with the Standard Method of Floor Measurement for Office Buildings approved by The Real Estate Board of New York, Inc., which became effective on January 1, 1987, utilizing a 27% loss factor from rentable area to usable area for a full floor (the **"Current Measurement Standard").** If Tenant leases additional space in the Building during the initial term of this Lease pursuant to either Article 11 or 13 hereof, such space shall be measured in accordance with the Current Measurement Standard but any space that may be otherwise added to the Premises subsequent to the date hereof, including during any renewal term may be measured utilizing then market loss factors applicable for the Building and comparable first class buildings in midtown Manhattan.

Section 1.02 Term. The term of this Lease (the **"Term"**) shall commence on the Commencement Date (as defined in Section 1.03) and shall end on (i) the last day of the calendar month in which occurs the fifteenth (15th) anniversary of the Rent Commencement Date (as hereinafter defined), subject to renewal as set forth in Article 9 of this Lease, or (ii) such earlier date upon which the Term may expire or be terminated pursuant to any of the conditions of limitation or other provisions of this Lease or pursuant to law (the **"Expiration Date"**).

Section 1.03 Commencement Date. The **"Commencement Date"** shall mean the *earlier* of (i) the date on which Landlord shall "substantially complete" "Landlord's Work" (as those terms are defined in Exhibit L annexed hereto), tender to Tenant vacant, broom-clean possession of the Premises, free of all third-party rights and occupancies, and deliver to Tenant the Subordination, Non-Disturbance, and Attornment Agreement (the **"Apollo SNDA"**) from Apollo Commercial Real Estate Finance, the existing Superior Mortgagee in the form annexed hereto as Exhibit J, or (ii) the date on which Tenant takes possession of the Premises to commence actual construction of **"Tenant's Work"** (as hereinafter defined). After the occurrence of the Commencement Date, Landlord shall provide Tenant with a notice which sets forth the Commencement Date, the Rent Commencement Date and the Expiration Date; provided, that the failure of Landlord to deliver such notice shall not affect the determination of such dates in accordance with this Lease. Should there be any dispute regarding the occurrence of the Commencement Date, then the same shall be resolved by way of expedited arbitration in accordance with Article 14 hereof, pending the resolution of such dispute, Tenant shall pay Rent based upon Landlord's determination of the Rent Commencement Date in accordance with the terms of this Lease. If such dispute is resolved so that the Rent paid by Tenant is greater or less than the Rent determined to be paid by way of such arbitration, then (x) if there is a deficiency, Tenant shall pay the amount thereof within twenty (20) days after written demand therefor, or (y) if there is an overpayment, the amount of such overpayment shall be credited against the next installment of Rent due hereunder. Notwithstanding the foregoing, in no event shall the Commencement Date occur prior to August 1, 2019.

Section 1.04 Permitted Use. (a) The Premises shall be used and occupied by Tenant solely as general, executive and administrative office use and uses ancillary thereto (including, without limitation, storage, merchandise display, board rooms, conference rooms, meeting rooms, conference centers, messenger centers and mailrooms, recreational and/or amenity spaces, bathrooms, pantry areas, and cafeteria and/or dining areas, including a Dining Facility (as hereinafter defined)) and/or for any other lawful purpose in keeping with the quality and character of the Building; provided, that in no event shall the Premises be used for any of the following: (i) a restaurant or bar or for the retail "over the counter" sale of food or beverages, in each event to members of the public (but Tenant shall have the right to engage in such uses and to have vending machines, warming pantries and a dining facility within the Premises for the use of Tenant's employees and visitors), (ii) photographic reproductions and/or offset printing, other than photographic or art production prepared in connection with Tenant's ordinary course of business, (iii) an employment or travel agency or airline ticket counter, (iv) a school or classroom, other than in connection with training programs provided for Tenant's employees and invitees (but solely in connection with Tenant's business), (v) medical or psychiatric offices, (vi) conduct of an auction, (vii) gambling activities, (viii) conduct of obscene, pornographic or similar disreputable activities, (ix) offices of an agency, department or bureau of the United States Government, any state or municipality within the United States or any foreign

government, or any political subdivision of any of them, (x) offices of any charitable, religious, union or other not-for-profit organization (subject to Section 5.06 of this Lease), or (xi) offices of any tax-exempt entity within the meaning of Section 168(h)(2) of the Internal Revenue Code of 1986, as amended, or any successor or substitute statute, or rule or regulation applicable thereto.

Section 1.05 Specific Uses.

(a) The Terraces on the ninth (9th) and tenth (10th) floors of the Building (the **"Event Terraces"**) may only be used by the Tenant for outdoor seating and events for Tenant's employees and invitees and clients provided that Tenant shall, at Tenant's cost and expense obtain any public assembly permits or liquor licenses and special insurance that might be required in connection with such use of the Event Terraces. The remaining Terraces are not accessible for use and occupancy and may only be used for the installation of mechanical equipment which shall be approved by Landlord, which approval shall not be unreasonably withheld or delayed. In no event shall any of the Terraces be used for cigarette smoking, grilling or cooking. Tenant shall make no alterations to the Terraces or install any planters or other furnishings on the Terraces without Landlord's consent, which shall not be unreasonably withheld or delayed. Tenant acknowledges and agrees that window washing rigs will be used on Terraces only in the locations noted on Exhibit B-1 for the purposes of window cleaning or façade maintenance and Tenant shall not install any permanent furniture or planters on the Terraces in those locations which will interfere with the operation or use of such rigs when in use. Notwithstanding anything to the contrary contained in this Lease, Tenant shall not have the right to sublease the Terraces, except in connection with a sublease of the entire floor of the Premises to which the same may be appurtenant. Landlord shall have the right to install building equipment on the Terraces in the locations shown on Exhibit B-1 annexed hereto, provided that such equipment shall be screened in a manner reasonably acceptable to Landlord and Tenant, and shall not generate sounds, noise, or vibration at levels which (i) are audible in the interior of the Premises in excess of NC-40 when at least ten feet away from such equipment or (ii) exceed seventy (70) decibels if located on the Terraces. Notwithstanding any language to the contrary contained **in** this Lease, the Terraces shall be delivered to Tenant in the condition specified in Exhibit L annexed hereto.

(b) Should Tenant elect at its sole cost and expense (subject to the terms of this Lease), to install, maintain and operate (or cause a third party to operate) a dining facility (herein called the **"Dining Facility"**) in the Premises for the preparation and service of food, Tenant shall (i) comply with all applicable laws, ordinances and regulations with respect to the operation of such Dining Facility, (ii) install a warming kitchen only, with a kitchen exhaust system (the **"KES"**) which shall cause all food preparation areas to be properly ventilated, (iii) maintain such Dining Facility in a clean and sanitary condition, (iv) bag all wet garbage and place the same in containers that prevent the escape of odor, (v) keep the Premises free from vermin, and engage at Tenant's sole cost and expense, the services of Landlord's cleaning contractor (or Landlord's extermination contractor) to provide extermination services in the Premises on a regular basis (and Landlord shall have no obligation to provide such services to the Dining Facility), provided that such contractor shall charge commercially competitive rates, and (vi) provide within the Premises a refrigerated garbage storage room of appropriate size in the event that Landlord shall determine in its reasonable judgment that such a refrigerated garbage storage room is necessary. Subject to Landlord's approval of plans and specifications

therefore, which approval shall not be unreasonably withheld or delayed, Tenant may, as part of the KES, install a duct and louvre through the exterior of the Building in the locations shown on Exhibit B-2 annexed ·hereto, provided that such louvre shall be considered a Specialty Alteration. Tenant shall have the right to use any food service provider (third party provider or otherwise) selected by Tenant to operate the Dining Facility, to cater events or provide other specialty services, provided that (1) Tenant shall identify such provider to Landlord in writing at the time that Tenant engages such provider, (2) such provider shall comply with the Building rules and regulations, and (3) if in Landlord's sole discretion such provider is not operating in a manner consistent with a first class Building, Landlord shall have the right to exclude any such provider from the Building.

Section 1.06 Manner of Use. Notwithstanding any language to the contrary contained in this Lease, the Premises shall not be used for any purpose not expressly set forth herein which would tend to lower the existing character of the Building in any material respect, create unlawful elevator or floor loads or excessive loads that adversely affect the use by other tenants of the Building, impair or interfere with any of the Building operations or the proper and economic heating, ventilation, air-conditioning, cleaning or other servicing of the Building except in each instance to a *de minimis* extent, constitute a public or private nuisance, interfere with the business operations of any other tenant or Landlord, or impair the appearance of the Building. Landlord agrees to reasonably cooperate, at no expense to Landlord, with Tenant in the procurement of any licenses, permits, "sign offs", approvals or certificates which may be required by any governmental or quasi-governmental agency or authority with respect to Tenant's use of the Premises. Any and all out of pocket costs, fees and/or expenses in connection with the procurement of any of the aforementioned items shall be borne solely by Tenant.

Section 1.07 Rules and Regulations for Use. Tenant shall comply with the rules and regulations attached hereto as Exhibit C and the LEED Requirements attached hereto as Exhibit C-3 (such rules and regulations and LEED Requirements, collectively, the **"Rules and Regulations"),** as the same may be reasonably modified or supplemented in writing from time to time. If there is any conflict between the provisions of the Rules and Regulations and the provisions of this Lease, the provisions of this Lease will control. Without limiting the generality of the preceding sentence, nothing contained in the Rules and Regulations shall be deemed (i) an agreement on the part of Landlord to perform any maintenance or repairs or to provide any services or (ii) a representation by Landlord with respect to the Premises or the Project or any other matter, except in each instance to the extent otherwise expressly set forth therein. Landlord shall not enforce any Rules and Regulations against Tenant in a discriminatory manner.

Section 1.08 Roof Use. Tenant, at its sole cost and expense, may, using Landlord's designated contractor, install upon the roof of the Building, in the area outlined on Exhibit B-3 annexed hereto, one 4-foot satellite antenna with radio and/or satellite dish (the **"Antenna");** and run, in and through locations shown on Exhibit D such lines and cables (collectively, the **"Connecting Equipment"**) from the roof to the Premises, as may be necessary for the operation of the Antenna. Landlord shall provide up to twenty (20) amps of electric power at the electric closets on the roof for the operation of the Antenna for which Tenant shall pay to Landlord, One Hundred Dollars ($100.00) per month, as and when Fixed Rent is payable hereunder, which

dollar amount shall be subject to increase annually by the percentage increase in the "CPI over the Base CPI" with a review by Landlord every five (5) years during the Term to ensure that Tenant is paying market rates for comparable buildings for delivering such service. Any cables or wiring required to bring such power from the rooftop electric closets to the Antenna shall be installed by Tenant, at Tenant's sole expense. Landlord shall have the right to approve the color, specifications, weight and method of attachment of the Antenna and the Connecting Equipment to the Building, which approval shall not be unreasonably withheld or delayed. The Antenna and any related screening are hereby deemed to be included within the definition of Specialty Alterations, and Tenant shall remove the same on the Expiration Date or the earlier termination of this Lease. Tenant agrees that it shall, at its sole cost and expense, cage the Antenna and supply a key to such cage to Landlord for emergency use. Landlord reserves the right to grant other or similar rights to utilize other portions of the roof for other or similar purposes to other tenants or occupants of the Building provided there shall not be any unreasonable interference with transmissions to or from the Antenna. Tenant shall use commercially reasonable efforts to ensure that its use of the roof space does not impair such other Person's data transmission and reception via their respective antennas and support equipment, if any. In no event shall (1) Tenant broadcast on a band that is legally designated for the exclusive use of another Person, nor (2) shall the maximum level of emissions from the Antenna exceed Tenant's proportionate portion of the total emissions allowable for the Building under applicable Legal Requirements, taking into account the number of rooftop installations at the Building. Tenant shall submit to Landlord, prior to the installation of the Antenna, plans for the installation of the Antenna in such detail as Landlord may reasonably require, and Tenant shall not commence installation of the Antenna until Landlord has approved such plans in writing. Landlord reserves the right to supervise the installation, removal, replacement, repair and maintenance of the Antenna. Tenant shall pay to Landlord an annual fee of $24,000 in equal monthly installments, as and when monthly installment of Fixed Rent are paid, for its right to use the roof for its Antenna pursuant to this Section 1.08.

(a) Tenant agrees that:

(i) the installation of the Antenna and the Connecting Equipment shall be deemed a Material Alteration within the meaning and subject to the provisions of Article 4 hereof and Tenant shall comply, at Tenant's expense with all Laws relating thereto (including, without limitation, obtaining all required operating permits and approvals from the Federal Communications Commission);

(ii) Tenant, at its sole cost and expense shall secure and maintain the Antenna and the Connecting Equipment and reasonably promptly repair any damage caused to the roof or any other portions of the Building by reason of the installation, maintenance, operation, removal and replacement of any of the Antenna and/or the Connecting Equipment and Tenant shall pay for all electrical service required for its use of the Antenna in accordance with the applicable provisions of this Lease (including Article 2 hereof);

(iii) Tenant shall be required to remove the Antenna and the Connecting Equipment upon the expiration or sooner termination of the term of this Lease and repair any resulting damage to the Building and restore the roof and the

Building to the condition which existed prior to any such installation, wear and tear and damage by casualty excepted;

(iv) Penetration of the roof of the Building in connection with the installation of the Antenna shall be avoided if possible and, if made, be done in accordance with the roof manufacturer's reasonable specifications and be restored fully upon the removal of the Antenna. Landlord retains the right to inspect the installation of the Antenna and, if necessary, require reasonable corrective measures during the course of or upon completion of the installation of the Antenna. Installation of the Antenna shall be done in such manner as to not adversely affect the warranty for the roof. Tenant shall be responsible for any required maintenance and repair of the roof resulting from the installation, maintenance, repair, replacement, operation or use and/or removal of the Antenna. Any such maintenance and repair of the roof shall be performed by Landlord at Tenant's actual, reasonable, out-of-pocket expense and Tenant shall pay for the same within thirty (30) days after receipt of a bill therefor along with reasonably supporting documentation;

(v) Landlord shall have the right at Landlord's cost, on not less than twenty (20) days' prior written notice, to relocate the Antenna; provided, however, that the foregoing relocation may not, other than in a *de minimis* manner, adversely affect Tenant's operation or the reception of the Antenna. Such relocation shall be performed in a manner and at a time so as to minimize, to the extent reasonably practicable, any disruption of Tenant's normal business activities and such relocation shall not impair Tenant's data transmission and reception via such Antenna. Tenant shall reasonably cooperate with Landlord in any such relocation provided that such cooperation is without cost to Tenant. The relocation expense to be paid for by Landlord shall include the cost of removal of the portion(s) to be relocated, the purchasing of materials and equipment necessary for the relocation thereof and re-installation of the applicable Antenna at such other location as reasonably designated by Landlord on the roof and/or another location of the Building and any other reasonable out-of-pocket costs incurred by Tenant resulting from such relocation. Upon Landlord's request therefor, Tenant shall advise Landlord of any additional costs Tenant reasonably anticipates it may incur due to any relocation proposed by Landlord hereunder;

(vi) Subject to the terms and conditions of this Lease, authorized agents or employees of Tenant shall have access to the Roof Location upon prior reasonable request to Landlord for the purpose of installing, operating, servicing, maintaining or repairing Tenant's Rooftop Equipment provided however that access to the Roof shall be controlled by Landlord by way of a locked and alarmed roof door; and

(vii) The Antenna and the Connecting Equipment is for the sole use of Tenant and permitted occupants of the Premises and for no other parties. Tenant shall not resell in any form the use of the Tenant's Antenna or the Connecting Equipment including, without limitation, the granting of any licensing or other rights.

(b) The rights granted in this Section 1.08 are given in connection with, and as part of the rights created under, this Lease and are not separately transferable or assignable

other than in connection with an assignment or subletting as permitted by this Lease. Tenant shall be solely responsible, at Tenant's cost and expense, for the security of the Antenna and the Connecting Equipment and Landlord shall have no liability or obligation with respect to securing the Antenna or the Connecting Equipment or otherwise protecting the Antenna and the Connecting Equipment from theft, vandalism or other damage.

ARTICLE 2
RENT

Section 2.01 Fixed Rent. Tenant shall pay Fixed Rent for the Premises (the **"Fixed Rent"**) at the annual rates set forth on Exhibit E annexed hereto. Fixed Rent shall be payable by Tenant in equal monthly installments in advance commencing on the Commencement Date (subject to the last sentence herein) and thereafter on the first day of each calendar month thereafter during the Term, at Landlord's address set forth above, or at such other address as Landlord may specify by at least thirty (30) days' written notice to Tenant from time to time; provided however; if the Commencement Date and/or the Rent Commencement Date (as applicable) shall occur on a date other than the first (1st) day of any calendar month, then the first monthly installment of Fixed Rent that becomes due on the Commencement Date and/or the Rent Commencement Date (as applicable), prorated to the end of said calendar month (based on the actual number of days in said calendar month), shall be payable on the Commencement Date and/or the Rent Commencement Date (as applicable). Notwithstanding anything contained in this Section 2.01 or elsewhere in this Lease to the contrary, Landlord hereby waives payment of Fixed Rent for (i) the entire Premises other than the 4th floor portion of the Premises pursuant to, without limitation, Sections 2.03 and 2.04 hereof for the period from and including the Commencement Date until and including the date which is the same date in the sixteenth (16th) month following the Commencement Date as the date of the Commencement Date (such date, the **"Rent Commencement Date")**; (ii) the fourth (4th) floor portion of the Premises for the period from and including the Commencement Date until and including the date which is the same date in the eighth (8th) month following the Commencement Date as the date of the Commencement Date (such date, the **"4th Floor Rent Commencement Date")** and (iii) the fifth (5th) floor portion of the Premises for the period from the Rent Commencement Date until and including the date which is the same date in the sixteenth (16th) month following the Rent Commencement Date (such date, the "5th **Floor Rent Commencement Date**") provided however that should there be three Events of Default (as hereinafter defined) during the first sixteen months of the Term, then from and after the date of the third Event of Default all payments due and payable from and after such third Event of Default shall not be waived by Landlord and shall be paid by Tenant on the dates due hereunder.

Section 2.02 Tax Payments.

(a) **"Base Tax Amount"** shall mean the Taxes for the tax fiscal year commencing on July 1, 2026 and ending on June 30, 2027.

(b) **"Base Tax Year"** shall mean tax fiscal year commencing on July 1, 2026 and ending on June 30, 2027.

(c) **"Taxes"** means (i) the real estate taxes, vault taxes, assessments and special assessments levied, assessed or imposed upon or with respect to the Project (including, without limitation, (1) assessments made upon or with respect to any "air rights", and (2) any assessments levied for public benefits to the Project by any federal, state, municipal or other government or governmental body or authority, and (3) BID Charges, as hereinafter defined (ii) all taxes assessed or imposed with respect to the rentals payable under this Lease other than general income and gross receipts taxes; provided, that any such tax shall exclude Commercial Rent or Occupancy Taxes imposed pursuant to Title 11, Chapter 7 of the New York City Administrative Code (and/or any substitute or successor legal requirement thereto) so long as such tax is required to be paid by tenants directly to the taxing authority, and (iii) any expenses actually incurred by Landlord in contesting such taxes or assessments and/or the assessed value of the Project, which expenses shall be allocated to the Tax Year to which such expenses relate. As used herein, the term **"BID Charges"** means all charges imposed upon or against the Land and/or Building, Landlord or the landlord of the Land and/or Building with respect to any business improvement district. If at any time the method of taxation shall be altered so that in lieu of or as an addition to or as a substitute for, the whole or any part of such real estate taxes, assessments and special assessments now imposed on real estate, there shall be levied, assessed or imposed (x) a tax, assessment, levy, imposition, fee or charge wholly or partially as a capital levy or otherwise on the rents received therefrom, or (y) any other such substitute tax, assessment, levy, imposition, fee or charge, including, without limitation, business improvement district and transportation taxes, fees and assessments, then all such taxes, assessments, levies, impositions, fees or charges or the part thereof so measured or based shall be included in **"Taxes".** Notwithstanding the foregoing, but subject to the immediately preceding sentence, **"Taxes"** shall not include (a) inheritance, estate, succession, transfer, gift, franchise, or capital stock tax; (b) any profit taxes, or any income taxes arising out of or related to ownership and operation of the Project or any other income-producing real estate, including, but not limited to, capital gains, mortgage recording or transfer tax; and (c) any fines, interest or penalties resulting from delinquent payments in respect of Taxes.

(d) **"Tax Year"** means each period of twelve (12) months, commencing on the first day of July of each such period and ending on the thirtieth day of the following June, in which occurs any part of the Term (but in no event covering any period prior to July 1, 2027), or such other period of twelve (12) months occurring during the Term (but in no event covering any period prior to July 1, 2027), as hereafter may be adopted as the fiscal year for real estate tax purposes of the City of New York.

(e) **"Tenant's Tax Share"** means 44.736%.

(f) **"Tax Statement"** means an instrument or instruments setting forth in reasonable detail, the Tax Payment payable by Tenant for a specified Tax Year pursuant to this Section 2.02.

(g) Tenant shall make a payment to Landlord for each Tax Year (each in the aggregate, a **"Tax Payment")** the sum of (1) if Taxes for any Tax Year shall exceed the Base Tax Amount, Tenant's Tax Share of the amount by which Taxes for such Tax Year are greater than the Base Tax Amount plus (2) the annual amount payable by Tenant pursuant to Section 2.02(k) hereof for the calendar year in which the **"Pre-Tax Payment Period"** (as that term is

hereinafter defined) shall end. Landlord shall furnish to Tenant, prior to the commencement of each Tax Year, a Tax Statement setting forth Landlord's reasonable estimate of the Tax Payment for such Tax Year. Tenant shall pay to Landlord on the first day of each month during such Tax Year, an amount equal to 1/12th of Landlord's reasonable estimate of the Tax Payment for such Tax Year. If Landlord shall not furnish any such estimate for a Tax Year prior to the commencement thereof, then (A) until the first day of the month following the month in which such estimate is furnished to Tenant, Tenant shall pay to Landlord on the first day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this Section 2.02(g) in respect of the last month of the preceding Tax Year; (B) reasonably promptly after such estimate is furnished to Tenant, Landlord shall notify Tenant whether the installments of the Tax Payment previously made for such Tax Year were greater or less than the installments of the Tax Payment to be made in accordance with such estimate, and (x) if there is a deficiency, Tenant shall pay the amount thereof within twenty (20) days after written demand therefor, or (y) if there is an overpayment, the amount of such overpayment shall be credited against the next installment of Fixed Rent and/or Additional Rent due hereunder, or if no further installment of Fixed Rent and/or Additional Rent is due hereunder, refunded to Tenant within thirty (30) days; and (C) on the first day of the month following the month in which such estimate is furnished to Tenant (but in no event any sooner than ten (10) Business Days after Tenant receives such estimate) and monthly thereafter throughout such Tax Year, Tenant shall pay to Landlord an amount equal to 1/12th of the Tax Payment shown on such estimate. Landlord may furnish to Tenant a revised statement of Landlord's reasonable estimate of the Tax Payment for such Tax Year, and in such case, the Tax Payment for such Tax Year shall be adjusted and paid or refunded as the case may be, substantially in the same manner as provided in the preceding sentence. Subject, to Section 2.04 and 2.02(i) hereof, within ninety (90) days following the end of each Tax Year, Landlord shall furnish to Tenant a Tax Statement for such Tax Year. If such Tax Statement shall show that the sums paid by Tenant, if any, under this Section 2.02(g) exceeded the Tax Payment to be paid by Tenant for the applicable Tax Year, the amount of such overpayment shall be credited against the next installment of Fixed Rent and/or Additional Rent due hereunder, or if no further installment of Fixed Rent and/or Additional Rent is due hereunder, refunded to Tenant within thirty (30) days; and if such Tax Statement shall show that the sums so paid by Tenant were less than the Tax Payment to be paid by Tenant for such Tax Year, Tenant shall pay the amount of such deficiency within twenty (20) days after written demand therefor. If there shall be any increase in the Taxes for any Tax Year, whether during or after such Tax Year, or if there shall be any decrease in, or refund provided by the applicable taxing authority for, the Taxes for any Tax Year, whether during or after such Tax Year, the Tax Payment for such Tax Year shall be appropriately adjusted and paid or refunded, as the case may be, in accordance herewith. In no event, however, shall Taxes be reduced below the Base Tax Amount.

(h) The Tax Statements to be furnished by Landlord as provided above shall constitute a final determination as between Landlord and Tenant of the Tax Payments for the periods represented thereby, unless Tenant within three hundred sixty-five (365) days after they are furnished, shall in writing challenge their accuracy or their appropriateness (herein called a **"Tax Challenge"),** which shall specify the particular respects in which such statement is inaccurate or inappropriate. If Tenant shall institute a Tax Challenge, then pending the resolution of such Tax Challenge, Tenant shall pay the Additional Rent to Landlord in accordance with the Tax Statements furnished by Landlord. If there shall have been an overpayment of 1.5% or more, Landlord shall, within thirty (30) days from the resolution of such

Tax Challenge, refund to Tenant the amount thereof and, if there shall have been an overpayment of 5% or more, Landlord shall, within thirty (30) days from the resolution of such Tax Challenge, refund to Tenant the amount thereof together with Tenant's costs of such Tax Challenge. If Tenant shall not give such notice within such three hundred sixty-five (365) day period, then the Tax Statement as furnished by Landlord shall be conclusive and binding upon Tenant. Any such overpayment or underpayment shall be refunded to Tenant or paid to Landlord within thirty (30) days after the issuance of such corrected statement. Either party may request arbitration of any matter in dispute pursuant to the terms of this Section 2.02(h). The party desiring such arbitration shall give notice to the other party. Within ten (10) days of such notice, Landlord and Tenant shall designate a tax certiorari attorney with at least fifteen (15) years' experience representing owners and/or tenants of office buildings of 500,000 or more rentable square feet in lower Manhattan and/or midtown Manhattan (the **"Article 2 Arbiter")** whose determination made in accordance with this Section 2.02(h) shall be binding upon the parties. If the determination of the Article 2 Arbiter shall substantially confirm the determination of Landlord (or otherwise be in favor of Landlord), then Tenant shall pay the cost of the Article 2 Arbiter. If the determination of the Article 2 Arbiter shall substantially confirm the determination of Tenant (or otherwise be in favor of Tenant), then Landlord shall pay the cost of the Article 2 Arbiter. In all other events, the cost of the Article 2 Arbiter shall be borne equally by Landlord and Tenant. In the event that Landlord and Tenant shall be unable to agree upon the designation of the Article 2 Arbiter within thirty (30) days after receipt of notice from the other party requesting agreement as to the designation of the Article 2 Arbiter, which notice shall contain the names and addresses of two or more Article 2 Arbiters who are acceptable to the party sending such notice (any one of whom, if acceptable to the party receiving such notice as shall be evidenced by notice given by the receiving party to the other party within such thirty (30) day period, shall be the agreed upon Article 2 Arbiter), then either party shall have the right to request JAMS, or if such organization fails to act in accordance herewith or no longer exists, then the AAA (or any organization which is the successor thereto), to designate the Article 2 Arbiter whose determination made in accordance with this Section 2.02(h) shall be conclusive and binding upon the parties, and the cost of such Article 2 Arbiter designated by the JAMS or the AAA (or any organization which is the successor thereto), shall be borne as hereinbefore provided in the case of the Article 2 Arbiter designated by Landlord and Tenant. In rendering a determination hereunder, such Article 2 Arbiter shall not add to, subtract from or otherwise modify the provisions of this Lease.

(i) Only Landlord shall be eligible to institute tax certiorari or other proceedings to reduce the assessed valuation of the Project or the Building (a **"Protest")** and the filing of any such proceeding by Tenant without Landlord's prior written consent shall constitute a default hereunder. Landlord shall file a Protest for each Tax Year occurring during the term of the Lease unless Landlord reasonably determines in accordance with standards consistent with those of other prudent first class landlords that it is not commercially prudent to file a Protest in a particular Tax Year. If Taxes comprising the Base Tax Amount or Taxes for any Tax Year are reduced as a result of a Protest, the taxes as so reduced shall for all purposes be deemed to be the Base Tax Amount or the Taxes for such Tax Year, respectively, and Landlord shall notify Tenant of the amount by which the Tax Payments previously made were less or more than the Tax Payments required to be made under this Section 2.02 and the parties shall promptly reconcile the same.

(J) If Landlord has and/or should Landlord, in its sole discretion and at its cost, elect to apply for benefits under the Industrial & Commercial Abatement Program (the **"ICAP"),** Tenant shall comply with the requirements of Exhibit C-2 annexed hereto and the following provisions provided that Landlord shall reimburse Tenant for any reasonable, actual, out of pocket expenses reasonably incurred by Tenant that Tenant reasonably demonstrates were incurred solely as a result of its compliance with Exhibit C-2, and/or this Section 2.02(j) (hereinafter called **"Tenant's ICAP Costs").** Notwithstanding the foregoing, in the event that Tenant's ICAP Costs shall exceed $25,000, Landlord shall only be responsible to reimburse Tenant for fifty (50%) of any Tenant's ICAP Costs in excess of $25,000:

(i) Tenant shall, in order to assist Landlord in obtaining any incentives, abatements, exemptions, subsidies, energy discounts, refunds or payments that may be available to Landlord in connection with the ICAP with respect to the entire Building or any portion thereof, including, without limitation, the Premises, (i) promptly execute and file any necessary applications, certifications or other documents, and (ii) follow all required procedures within any applicable time limitations, and Tenant shall provide Landlord with such further cooperation as may reasonably be requested by Landlord.

(ii) Tenant and Landlord hereby acknowledge that, notwithstanding anything to the contrary contained herein, all or any portion of the benefit from any such ICAP actually received by or credited to Landlord in connection with this Lease and any amounts that shall be required to be forwarded to Tenant pursuant to such ICAP shall be the property of Landlord (regardless of whether or not such benefits are larger or smaller than anticipated).

(iii) Notwithstanding anything to the contrary contained herein or in the ICAP, Landlord has made no representations to Tenant with respect to the ICAP, and Landlord shall have no liability or responsibility to Tenant if all or any portion of any benefits from any ICAP are not received by or credited to Landlord or are received by or credited to Landlord and are thereafter revoked for any reason.

(iv) With respect to any Alterations, and in connection with Landlord's ICAP application, Tenant, at its sole cost and expense, shall be obligated to timely and fully comply with the requirements of (i) Executive Order No. 159; (ii) Executive Order No. 108 of 1986; (iii) Section 11-260 of the Administrative Code of the City of New York; (iv) [reserved]; (v) the New York City Charter; and (vi) any amendments or modifications thereto or other additional or successor executive orders, statutes, rules or regulations bearing on Landlord's ICAP application. Such compliance shall include the filing with the Department of Labor Services **("DLS")** of Construction Employment Reports, Supply and Service Construction Employment Reports, Less Than $750,000 Subcontract Certificates, and certified payroll records. Tenant shall also be solely responsible for the compliance of any contractor, subcontractor, consultant, agent or party employed by Tenant in connection with Alterations. Copies of all such filings shall be sent by Tenant to Landlord. Tenant, as well as any contractor, subcontractor, construction manager, general contractor, consultant, agent or any party employed by Tenant in connection with any Alterations, shall cooperate with Landlord and shall

supply such information and comply with such reporting requirements as Landlord indicates to Tenant are reasonably necessary to comply with the ICAP, and Tenant shall assist with Landlord in connection with maintaining its eligibility under the ICAP. Tenant also agrees that at the commencement of any Alterations, and as such Alterations progress, Tenant (or its agent) shall provide Landlord with the names of all contractors or subcontractors retained by Tenant with respect to the Alterations, as well as the dollar value of each contract or subcontract. Tenant further agrees that with respect to any contractors performing work pursuant to a contract with a value of $1,000,000 or more or subcontractors performing work pursuant to a subcontract with a value of $750,000 or more, a retainage in the amount of ten percent (10%) of the value of said contract or subcontract shall be withheld until DLS gives written approval that final payment may be released to said contractor or subcontractor.

(v) The parties agree that the Taxes for the Base Tax Year and any other Tax Years shall be calculated as if there was no ICAP in effect and Tenant's Tax Payments shall be unaffected by the ICAP, including, without limitation, the amount of any refund, abatement or exemption of Taxes, if any, received by or credited to Landlord pursuant to the I CAP.

(vi) It is further understood and agreed that (in order to enable Landlord to comply with certain requirements of the ICAP, as applicable, which may currently be in effect):

(1) Landlord is seeking or has obtained benefits under the ICAP as applicable;

(2) Tenant agrees to report to Landlord the number of workers permanently engaged in employment in the Premises, the nature of each worker's employment and the New York City residency of each worker; and

(3) Tenant agrees to provide access to the Premises by employees and agents of the New York City Department of Finance at all reasonable times as may be requested by Landlord.

(k) Notwithstanding any language to the contrary contained herein, during the period commencing on January 1, 2021 and ending on June 30, 2027, Tenant shall pay to Landlord in lieu of Tax Payments that should otherwise be payable as and for such period, the following amounts, in equal monthly installments as and when monthly installments of Fixed Rent are paid, as and to the extent part of the Pre-Tax Payment Period:

(i) $234,150.00 per annum during the 2021 calendar year,

(ii) $468,300.00 per annum during the 2022 calendar year,

(iii) $702,450.00 per annum during the 2023 calendar year,

(iv) $936,600.00 per annum during the 2024 calendar year,

(v) $1,170,750.00 per annum during the 2025 calendar year;

(vi) $1,404,909.00. per annum during the 2026 calendar year; and

(vii) $1,639,050.00. per annum during the 2027 calendar year (provided that for the 2027 calendar year, Tenant shall only be required to pay the first six (6) monthly payments, each at $136,587.50).

(I) Notwithstanding anything to the contrary set forth in this Lease, Tenant shall not be required to make any payments under this Section 2.02 prior to January 1, 2021.

Section 2.03 Operating Expense Payments.

(a) **"Base Operating Amount"** means Operating Expenses for the Base Operating Year.

(b) **"Base Operating Year"** means calendar year 2022.

(c) **"Landlord's Statement"** means an instrument setting forth in reasonable detail the Operating Expenses, and the Operating Payment payable by Tenant, for a specified Operating Year.

(d) **"Operating Expenses"** means all expenses paid or incurred by or on behalf of Landlord in respect of the repair, replacement, maintenance, operation and security of the Building, in a manner consistent with practices in comparable first-class office buildings in Manhattan, including, without limitation, (1) salaries, wages, medical, surgical, insurance (including, without limitation, group life and disability insurance), union and general welfare benefits, pension payments, severance payments, sick day payments and other fringe benefits of employees of Landlord at or below the level of General Manager, Landlord's affiliates and their respective contractors engaged in the repair, replacement, maintenance, operation and/or security of the Building; (2) payroll taxes, worker's compensation, uniforms and related expenses (whether direct or indirect) for such employees; (3) the cost of fuel, gas, steam, electricity, heat, ventilation, air-conditioning and chilled or condenser water, water, sewer and other utilities furnished to the Building, together with any taxes and surcharges on, and fees paid in connection with the calculation and billing of, such utilities less any amounts directly billed to tenants (including, without limitation, amounts for overtime HVAC directly billed to tenants); (4) the cost of painting and/or decorating all areas of the Building, excluding, however, any space contained therein which is demised to tenants; (5) the cost of casualty, liability, fidelity, rent and all other insurance regarding the Building; (6) the cost of all supplies, tools, materials and equipment, whether by purchase or rental, used in the repair, replacement, maintenance, operation and/or security of the Building, and not including any areas specifically demised to tenants, and any sales and other taxes thereon; (7) the rental value of Landlord's Building management office utilized in connection with the repair, replacement, maintenance, operation and/or security of the Building, and all office expenses, such as telephone, utility, stationery and similar expenses incurred in connection therewith; (8) the cost of cleaning, janitorial and security services, including, without limitation, glass cleaning, snow and ice removal and garbage and waste collection and disposal; (9) the cost of all interior and exterior landscaping of areas of the Building not leased to tenants; (10) the cost of all alterations, repairs, replacements and/or

improvements reasonably necessary for the operation of the Building, whether structural or non-structural, ordinary or extraordinary, foreseen or unforeseen, and whether or not required by this Lease, and all tools and equipment related thereto; (11) management fees not to exceed 4% of the gross rental receipts of the Building; (12) all costs and expenses of legal, bookkeeping, accounting and other professional services, including, without limitation, legal, accounting and expert fees with respect to any tax certiorari matter involving the Building; (13) fees, dues and other contributions paid by or on behalf of Landlord to civic or other real estate organizations and any assessments, dues, levies or charges paid to any business improvement district or similar organization or to any entity on behalf of such an organization; (14) costs of software and software platforms which provide tenants with access to Building amenities, services and communications; and (15) all other fees, costs, charges and expenses properly allocable to the repair, replacement, maintenance, operation and/or security of the Project, in accordance with then prevailing customs and practices of the commercial office real estate industry in the Borough of Manhattan, City of New York.

(e) Notwithstanding the foregoing and anything to the contrary set forth in this Lease, Operating Expenses shall not include the following: (l) depreciation and amortization (except with respect to alterations, repairs, replacements and/or improvements that qualify as Capital Items covered by clause (14) of this Section 2.03(e)); (2) principal and interest payments, ground rent and other costs incurred in connection with any financing or refinancing of the Building; (3) the cost of preparing space for the occupancy of tenants of the Building (including Tenant) and/or performing any work in a leasable portion of the Building or that which is demised to a tenant or occupant; (4) brokerage commissions and advertising and marketing expenses incurred in procuring tenants for the Building; (5) subject to Section 2.03(d), the cost of any work or service performed for any tenant or occupant of the Building (including Tenant) which is not for the benefit of all tenants of the Building, whether at the expense of Landlord or such tenant; (6) the cost of any electricity consumed in the Premises or in any other leasable space in the Building; (7) Taxes, special assessments, franchise taxes or taxes in the nature of a real estate tax imposed upon or measured by the income or profits of Landlord; (8) legal and other fees incurred in preparing leases for tenants or in enforcing the terms of any lease (including, without limitation, the cost of tenant improvements (or allowances that Landlord provides to a tenant therefor), the cost of performing improvements to prepare a particular portion of the Building for occupancy by a tenant, the cost of rent concessions, advertising expenses, marketing expenses, leasing commissions, space planning fees, legal fees, and the cost of lease buy-outs) provided however that the legal fees for enforcement of a lease for the benefit of other tenants in the Building shall be includable; (9) any cost to the extent Landlord is reimbursed therefor out of insurance proceeds or otherwise but other than by means of operating expense reimbursement provisions contained in the leases of other tenants; (10) fees, dues or contributions that Landlord pays voluntarily to civic organizations, charities, political parties, political candidates, or political action committees, and/or costs arising from Landlord's charitable or political contributions provided that such fees, dues and contributions shall not exceed 1% of the Operating Expenses for the applicable Operating Year; (11) wages, salaries, fees, and fringe benefits paid to administrative or executive personnel or officers or partners of Landlord or Landlord's affiliates not having direct responsibility for operating or providing services exclusively to the Building; (12) costs of goods or services furnished by entities affiliated with Landlord to the extent such costs exceed the cost that would have been incurred in an arm's length transaction with an unrelated party; (13) costs of Landlord's general overhead

and general administrative expenses (individual, partnership, company or corporate, as the case may be); costs associated with the operation of the business of the partnership or entity which constitutes Landlord, as the same are distinguished from the costs of operation of the Building, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee holding a mortgage encumbering the Project and/or the Building, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building, or costs of any disputes between Landlord and its employees (if any) not engaged in Building operation; (14) any costs of a capital nature including capital improvements, capital repairs, and capital tools as determined under GAAP **("Capital Items");** *provided, however,* Operating Expenses may include the costs of any Capital Items (x) reasonably expected by Landlord to reduce Operating Expenses (to the extent of the reduction in Operating Expenses actually realized as a result thereof), or (y) made to comply with any applicable Laws which become effective (or which are interpreted in an altered manner) after the Commencement Date; as amortized at an interest rate equal to six percent (6%) per annum over the shorter of (I) the useful economic life of such Capital Items, as reasonably determined by Landlord in accordance with GAAP or (II) ten (10) years; (15) intentionally omitted; (16) expenses that Landlord incurs in selling, purchasing, financing or refinancing the Land and the Building, (17) salaries, wages, and fringe benefits, and payroll taxes and similar government charges with respect thereto, paid to personnel above the grade of General Manger or to the extent the same shall relate to services not provided exclusively in relation to the Building, (18) intentionally omitted, (19) intentionally omitted, (20) intentionally omitted (21) intentionally omitted; (22) the portion of any costs that are properly allocable to any building other than the Building or to any space or portion of the Building that is not for the general benefit of the tenants of the Building; (23) interest, penalties and late charges that in each case are paid or incurred as a result of late payments other than Tenant's late payments; (24) the cost of objects of fine art that Landlord installs in the Building; (25) costs Landlord incurs in installing, repairing and maintaining submeters which measure electricity consumed solely in leasable space in the Building; (26) costs incurred for travel and/or entertainment; (27) Intentionally Omitted; (28) the cost of performing the present renovations to the Building and/or the costs of building additional stories on the Building; (29) the cost of any repair made by Landlord because of the total or partial destruction of the Building, other than a commercially reasonable deductible; (30) costs arising from condemnation of a portion of the Building that are not reimbursed by condemnation awards; (31) intentionally omitted; (32) any bad debt loss, rent loss, or reserves for bad debt or rent loss; (33) costs incurred in connection with the acquisition or sale of air rights or transferable development rights; (34) intentionally omitted; and (35) the costs of installing, operating, and/or maintaining any specialty facility, such as an observatory, lodging, luncheon club, athletic or recreational club, child care facility, auditorium, cafeteria or dining facility, conference center or similar facilities that are not supplied to tenants generally in the Building as part of Operating Expenses.

(f) **"Operating Year"** means each calendar year in which occurs any part of the Term (but in no event covering any period prior to January 1, 2023).

(g) **"Tenant's Operating Share"** means 46.297%.

(h) For each Operating Year, Tenant shall pay (each, an **"Operating Payment")** Tenant's Operating Share of the amount, if any, by which Operating Expenses for such Operating Year exceed the Base Operating Amount.

(i) Landlord shall furnish to Tenant prior to the commencement of each Operating Year, a statement setting forth Landlord's reasonable estimate of the Operating Payment for such Operating Year. Tenant shall pay to Landlord on the first day of each month during such Operating Year, an amount equal to 1/12th of Landlord's reasonable estimate of the Operating Payment for such Operating Year. If Landlord shall not furnish any such estimate for an Operating Year prior to the commencement thereof, then (A) until the first day of the month following the month in which such estimate is furnished to Tenant, Tenant shall pay to Landlord on the first day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this Section 2.03 in respect of the last month of the preceding Operating Year; (B) reasonably promptly after such estimate is furnished to Tenant, Landlord shall notify Tenant whether the installments of the Operating Payment previously made for such Operating Year were greater or less than the installments of the Operating Payment to be made in accordance with such estimate, and (x) if there is a deficiency, Tenant shall pay the amount thereof within thirty (30) days after demand therefor, or (y) if there is an overpayment, the amount of such overpayment shall be credited against the next installment of Fixed Rent and/or Additional Charges due hereunder, or if no further installment of Fixed Rent and/or Additional Charges is due hereunder, refunded to Tenant within thirty (30) days; and (C) on the first day of the month following the month in which such estimate is furnished to Tenant, but in no event any sooner than ten (10) Business Days after Tenant receives such estimate, and monthly thereafter throughout such Operating Year, Tenant shall pay to Landlord an amount equal to 1/12th of the Operating Payment shown on such estimate. Landlord may, during each Operating Year, furnish to Tenant a revised statement of Landlord's reasonable estimate of the Operating Payment for such Operating Year, and in such case, the Operating Payment for such Operating Year shall be adjusted and paid or refunded as the case may be, substantially in the same manner as provided in the preceding sentence.

(j) Landlord shall furnish to Tenant a Landlord's Statement for each Operating Year within one hundred eighty (180) days after the end of the Operating Year. If Landlord's Statement shall show that the sums paid by Tenant, if any, under Section 2.03(i) exceeded the Operating Payment to be paid by Tenant for the applicable Operating Year, the amount of such excess shall be credited against the next installment of Fixed Rent and/or Additional Charges due hereunder, or if no further installment of Fixed Rent and/or Additional Charges is due hereunder, refunded to Tenant within thirty (30) days; and if the Landlord's Statement shall show that the sums so paid by Tenant were less than the Operating Payment to be paid by Tenant for such Operating Year, Tenant shall pay the amount of such deficiency within thirty (30) days after demand therefor.

(k) Tenant, upon written notice (the "**Opex Audit Notice**") given within three hundred sixty-five (365) days after Tenant's receipt of a Landlord's Statement, may elect, to have a certified public accountant which may be employed by Tenant or by a lease auditing firm experienced in performing similar operating expense audits with respect to similar tenants in buildings similar to the Building examine such of Landlord's Records as are directly relevant to such Landlord's Statement and the Landlord's Statement for the Base Operating Year (the "**Records**") at Landlord's office in the Borough of Manhattan or at such other location in the Borough of Manhattan as Landlord may reasonably designate. As a condition to Tenant's right to review the Records, Tenant shall pay all sums required to be paid in accordance with the Landlord's Statement in question without waiver of its rights and/or claims. If Tenant shall not

give such Opex Audit Notice within such three hundred sixty-five (365) day period, then such Landlord's Statement shall be conclusive and binding upon Tenant. Tenant and Tenant's employees, accountants and agents shall treat all Records as confidential in the manner set forth in Section 8.21 of this Lease, and, upon request by Landlord, shall confirm such confidentiality obligation in writing reasonably acceptable to Landlord and Tenant. Tenant covenants and agrees that Tenant will not employ, in connection with such examination, any person who is to be compensated, in whole or in part, on a contingency fee basis. Landlord shall cooperate in good faith with Tenant to provide access to the Records. Tenant, within ninety (90) days after the date on which the Records are made available to Tenant, may send a notice ("**Tenant's Statement**") to Landlord that Tenant disagrees with the applicable Landlord's Statement, specifying in reasonable detail the basis for Tenant's disagreement and the amount of the Operating Payment Tenant claims is due. If Tenant fails timely to deliver a Tenant's Statement, then such Landlord's Statement shall be conclusive and binding on Tenant. If Tenant timely delivers a Tenant's Statement, then Landlord and Tenant shall attempt to resolve the disagreement specified in the Tenant's Statement. If they are unable to do so and provided that the amount of the Operating Payment Tenant claims is due is greater than 1.5% less than the amount of the Operating Payment Landlord claims is due, Tenant shall notify Landlord, within one hundred and twenty (120) days after the date on which the Records are made available to Tenant, if Tenant desires to have such disagreement determined by an Arbiter, and promptly thereafter Landlord and Tenant shall designate a certified public accountant (the "**Arbiter**") whose determination made in accordance with this Section 2.03(k) shall be binding upon the parties; it being understood that (i) if the amount of the Operating Payment that the Arbiter determines is due is not greater than 1.5% less than the amount of the Operating Payment Landlord claims is due, then Tenant shall pay the amount that Landlord claims is due to the extent not theretofore paid, and (ii) if the Operating Payment that the Arbiter determines is due is 1.5% or less lower than the amount of the Operating Payment Landlord claims is due, then Landlord shall pay the difference to Tenant within thirty (30) days thereafter. If Tenant timely delivers a Tenant's Statement, the disagreement referenced therein is not resolved by the parties and Tenant fails to notify Landlord of Tenant's desire to have such disagreement determined by an Arbiter within the one hundred and twenty (120) day period after the date on which the Records are made available to Tenant as set forth above, then the Landlord's Statement to which such disagreement relates shall be conclusive and binding on Tenant. If the determination of Arbiter shall be that the Operating Payment due is 5% or more, less than Landlord's Statement therefor, then Landlord shall pay the cost of the Arbiter. In all other events, the cost of the Arbiter shall be borne by Tenant. The Arbiter shall be a member of an independent certified public accounting firm having at least three (3) accounting professionals. If Landlord and Tenant shall be unable to agree upon the designation of the Arbiter within thirty (30) days after receipt of notice from the other party requesting agreement as to the designation of the Arbiter, then either party shall have the right to request the American Arbitration Association ("**AAA**") (or any organization which is the successor thereto) to designate as the Arbiter a certified public accountant whose determination made in accordance with this Section 2.03(k) shall be conclusive and binding upon the parties, and the cost of such certified public accountant shall be borne as provided above in the case of the Arbiter designated by Landlord and Tenant. In rendering such determination such Arbiter shall not add to, subtract from or otherwise modify the provisions of this Lease, including the immediately preceding sentence. Pending the resolution of any contest pursuant to this Section 2.03(k), and as a condition to Tenant's right to

prosecute such contest, Tenant shall pay all sums required to be paid in accordance with the Landlord's Statement in question.

(l) Notwithstanding anything to the contrary contained herein, in lieu of Operating Payments that should otherwise be payable as and for calendar years 2021 and 2022, Tenant shall pay to Landlord, in equal monthly installments, as and when installments of Fixed Rent are due (i) $124,880.00 per annum during the 2021 calendar year, and (ii) $249,760.00 per annum during the 2022 calendar year.

(m) Landlord and Tenant agree that solely for the purposes of determining increases in Tenant's Tax Share and Tenant's Operating Share for additional space demised by Tenant pursuant to Articles 11 or 13 hereof, (i) the rentable square feet of the entire Building is deemed to be 697,877 for the purposes of determining Tenant's Tax Share, and (ii) the rentable area of the office portion of the Building is deemed to be 674,338 for the purposes of determining Tenant's Operating Share.

(n) Notwithstanding anything to the contrary set forth in this Lease, Tenant shall not be required to pay any Operating Expenses that accrue prior to January 1, 2021.

Section 2.04 Tax and Operating Provisions.

(a) Landlord's failure to render or delay in rendering any statement with respect to any Tax Payment or installment thereof shall not prejudice Landlord's right to thereafter render such a statement, nor shall the rendering of a statement for any Tax Payment or installment thereof prejudice Landlord's right to thereafter render a corrected statement therefor, provided, however, notwithstanding anything to the contrary set forth in this Lease, any Tax Payment or installment thereof that is not billed (or corrected) within three (3) years after it is incurred shall be deemed waived by Landlord unless the same is being contested by tax certiorari or litigation related thereto. Landlord's failure to render or delay in rendering a Landlord's Statement with respect to any Operating Year or any component of the Operating Payment shall not prejudice Landlord's right to thereafter render a Landlord's Statement with respect to any such Operating Year or such component, nor shall the rendering of a Landlord's Statement for any Operating Year prejudice Landlord's right to thereafter render a corrected Landlord's Statement for such Operating Year provided, however, notwithstanding anything to the contrary set forth in this Lease, any Operating Expenses component that is not billed (or corrected) within three (3) years after it is incurred shall be deemed waived by Landlord unless the same is being contested in good faith by Landlord by litigation or otherwise.

(b) Landlord and Tenant confirm that the computations under Sections 2.02 and 2.03 have been agreed to by and between the parties and are intended to constitute a fair and reasonable basis for determining Tenant's share of increases in Taxes and Operating Expense may or may not be reflective of the exact rentable and/or usable square footage of the Premises and/or the Building and may or may not result in an actual reimbursement to Landlord for Taxes, Operating Expenses and other costs and expenses incurred by Landlord with respect to the Building.

(c) Each Tax Payment in respect of a Tax Year and Operating Payment in respect of an Operating Year, which begins prior to the Rent Commencement Date, the 4th Floor Rent Commencement Date, or 5th Floor Rent Commencement Date, as applicable, or ends after the Expiration Date shall be prorated to correspond to that portion of such Tax Year or Operating Year (as applicable) occurring within the Term following the Rent Commencement Date, the 4th Floor Rent Commencement Date, or the 5th Floor Rent Commencement Date, as applicable provided that this subsection (c) shall not be applicable to the payments pursuant to Sections 2.02(k) and 2.03(l) hereof.

(d) In no event shall Tenant be entitled to any refund or reduction in Rent if Operating Expenses for any Operating Year are less than the Base Operating Amount or if Taxes for any Tax Year are less than the Base Tax Amount.

(e) In determining the amount of items of Operating Expenses that vary based on the occupancy level of the Building, if (x) less than one hundred percent (100%) of rentable square feet in the Building shall have been occupied by tenant(s) at any time during any relevant period (including the Base Operating Year), and/or (y) the tenant or occupant of any rentable space in the Building (including Tenant) undertook in any relevant period (including the Base Operating Year) to perform work or services therein in lieu of having Landlord perform such work or services and the cost thereof would have been included in Operating Expenses, then, in each such event, Operating Expenses shall be determined for such relevant period to be an amount equal to the expenses which would normally be expected to be incurred had such occupancy been one hundred percent (100%) or if Landlord had performed such work or services with respect to one hundred percent (100%) of the rentable square feet in the Building.

Section 2.05 General Rent Provisions.

(a) The failure of Tenant to make any payment of Rent beyond applicable notice and cure periods, pursuant to this Section 2.05 or elsewhere in this Lease shall entitle Landlord to all rights and remedies provided hereunder for the non-payment of Rent, and the tender and/or acceptance of all or any portion of such Rent shall not be deemed a waiver of the rights of Landlord or Tenant with respect to any Rent payable pursuant to the terms of this Lease.

(b) Nothing herein contained shall create or be deemed to create a partnership, joint venture or a joint venture enterprise between Landlord and Tenant as to the operation by Tenant of its business in the Premises, or render Landlord in any way responsible for the debts or losses of Tenant; it being the express intention that the relationship of the parties hereto shall at all times be that of landlord and tenant.

(c) Tenant shall also pay other sums under this Lease, in addition to Fixed Rent, in the manner and at the times as herein provided. All sums and charges other than Fixed Rent due and payable by Tenant to Landlord under this Lease payable to Landlord hereunder, are called "**Additional Rent**". Tenant's failure to pay Additional Rent as provided hereunder beyond applicable notice and cure periods shall entitle Landlord to exercise all rights and remedies set forth herein for the non-payment of Rent. Fixed Rent and Additional Rent and all other charges herein are collectively called "**Rent**".

(d) Subject to the terms of this Lease, Tenant's obligation to pay Rent and Landlord's obligation to reimburse or credit Tenant for any overpayment of Taxes or Operating Expenses, shall survive the Expiration Date, to the extent necessary to carry out the provisions of this Lease with respect to Tenant's or Landlord's obligations which accrued prior to the stated Expiration Date or with respect to Tenant's or Landlord's obligations which accrue after any earlier termination of this Lease, as the case may be.

(e) There shall be no abatement or reduction of, deduction from or counterclaim, offset or set-off against, Fixed Rent, or Additional Rent whatsoever except and to the extent as may be expressly set forth in this Lease.

(f) No payment by Tenant or Landlord or receipt or acceptance by Landlord or Tenant of a lesser amount than the correct amount of Fixed Rent, Additional Rent or any other sum due under this Lease shall be deemed to be other than a payment on account of the earliest Rent arrears or other amount owed, nor shall any endorsement or statement on any check (i.e., "payment under protest") or any letter accompanying any check or payment be deemed an accord and satisfaction, and both Landlord and Tenant may accept such check or payment without prejudice to such party's right to recover the balance or pursue any other remedy in this Lease or at law provided.

(g) If at the commencement of, or at any time or times during the Term, the Rent shall not be fully collectible by reason of any Laws, Tenant shall enter into such agreements and take such other steps (without additional expense to Tenant) as Landlord may reasonably request and as may be legally permissible to permit Landlord to collect the maximum rents which may from time to time during the continuance of such legal rent restriction be legally permissible (and not in excess of the Rent reserved under this Lease). Upon the termination of such legal rent restriction, (1) the Rent shall become and thereafter be payable hereunder in accordance with the amounts reserved in this Lease for the periods following such termination, if such termination is prior to the Expiration Date, and (2) Tenant shall pay to Landlord, if legally permissible, an amount equal to (a) the Rent which would have been paid pursuant to this Lease but for such legal rent restriction, less (b) the rents paid by Tenant to Landlord during the period or periods such legal rent restriction was in effect. The obligations under this Section 2.05(g) shall survive the Expiration Date.

(h) Any payment of Rent due from Tenant to Landlord not paid when due shall bear interest from the date such payment is due to the date of actual payment ("**Interest**") at the rate per annum of the *lesser* of (i), the rate announced as its prime rate by JPMorgan Chase & Co. plus 4% or (ii) the maximum rate permitted by the law (the "**Interest Rate**"). Notwithstanding the forgoing, Landlord shall waive Interest on the first two (2) late payments of Rent during any calendar year, provided that such Rent is paid within ten (10) days following written notice to Tenant of such failure to pay Rent on a timely basis.

Section 2.06 Electric Charges. Tenant's demand for, and consumption of, electricity serving the Premises shall be paid by Tenant as set forth herein. Tenant's consumption of electricity shall not exceed the Maximum Electric Load, nor shall Tenant be entitled to any unallocated power available in the Building, except as set forth in subsection 2.04(d) of this Lease.

(a) The Premises shall be delivered to Tenant with a submeter or submeters exclusively measuring electric consumption at the Premises as part of Landlord's Work, and Tenant shall pay for such submetered electric consumption from and after the Commencement Date for the Premises within thirty (30) days after rendition of bills therefor with reasonably supporting documentation, which bills shall be rendered by or on behalf of Landlord separately for each submeter (but not more frequently than on a monthly basis). The amount payable by Tenant for electricity consumed within the Premises, as determined by said submeter(s), shall be one hundred three percent (103%) of the average cost per kilowatt hour of electric used in the Premises, as determined by readings of submeters measuring Tenant's usage of electric in the Premises. Such average cost shall be computed by dividing (i) the aggregate costs at which Landlord from time to time purchases each KW and KWH of electricity for the same period from the utility company and/or alternate providers (including all surcharges, taxes, fuel adjustments, market supply and market adjustment charges, taxes passed on to consumers by the public utility, and other sums payable in respect thereof), plus all surcharges, taxes and other sums payable in respect of Landlord's sale of electricity to Tenant, by (ii) the aggregate KW utilized in the Building during the same period. Notwithstanding anything to the contrary herein, Landlord shall not be obligated to apply Tenant's interval data to Landlord's Rate in order to determine the amount payable by Tenant hereunder.

Section 2.07 Manner of Payment. Tenant shall pay all Rent as the same shall become due and payable under this Lease by check (subject to collection) drawn on a Clearing House Association member bank or electronic funds transfer of immediately available federal funds to an account designated in writing by Landlord, in each case at the times provided herein without notice or demand and without setoff or counterclaim, except as may otherwise be expressly provided in this Lease. All Rent shall be paid in lawful money of the United States to Landlord at its office or such other place as Landlord may from time to time designate. If Tenant fails timely to pay any Rent on its due date, Tenant shall pay, in addition to Interest, a late charge (**"Late Charge"**) of four cents ($0.04) for each dollar overdue; provided, however, that Landlord shall waive the Late Charge with respect to the first two (2) late payments of Rent during any calendar year, provided that such Rent is paid within ten (10) days following written notice to Tenant of such failure to pay Rent on a timely basis. Any Additional Rent for which no due date is specified in this Lease shall be due and payable on the twentieth (20th) day after the date of invoice. Except as may be expressly provided to the contrary in this Lease, all bills, invoices and statements rendered to Tenant with respect to this Lease shall be binding and conclusive on Tenant unless, within three hundred sixty-five (365) days of actual receipt of same in writing, Tenant notifies Landlord that it is disputing same. Notwithstanding the Interest charge and Late Charge, non-payment of any Rent shall constitute a default of this Lease.

ARTICLE 3
LANDLORD SERVICES

Section 3.01 Landlord Services. From and after the Commencement Date, and throughout the Term of this Lease, Landlord shall furnish Tenant with the following services deemed to be included in Fixed Rent except as otherwise expressly set forth herein (collectively, **"Landlord Services"**):

(a) heat, ventilation and air-conditioning (**"HVAC"**) to the Premises (other than the Lower Level Premises) from 8:00 am to 8:00 pm on Business Days and 8:00 am to 1:00 pm on Saturdays which are not Holidays, in accordance with the design specifications set forth in Exhibit F attached hereto. If Tenant shall require heat, ventilation or air conditioning services at any other times, Landlord shall furnish such overtime service, provided that Tenant shall request such overtime service by 2:00 pm on a Business Day when overtime is requested for such Business Day and by 2:00 pm of the immediately preceding Business Day when overtime service is requested for a non-Business Day. There shall be a one hour minimum requirement for overtime HVAC service immediately before 8:00 am or following 8:00 pm on a Business Day and immediately before 8:00 am or after 1:00 pm on Saturdays immediately following a Business Day and a four hour minimum at any other time. Tenant shall pay to Landlord within thirty (30) days after demand with reasonably supporting documentation, one hundred fifty dollars ($150.00) per hour for the first floor for which overtime HVAC is requested and seventy five dollars ($75.00) per hour for each additional floor for which overtime HV AC is requested, as such dollar amounts shall be increased annually by the percentage increase in the "CPI over the Base CPI" with a review by Landlord every five years during the Term to ensure that Tenant is paying market rates for comparable buildings for delivering such services. Tenant acknowledges and agrees that the electricity used to operate the HVAC units in the Premises during all hours shall be provided by Landlord on a submetered basis pursuant to the provisions of Section 2.06 hereof and paid by Tenant as Additional Rent in accordance with Section 2.06 hereof. Notwithstanding anything to the contrary set forth in this Lease, (i) Tenant shall be responsible for delivering HVAC to the Lower Level Premises and (ii) the Building HVAC system(s) and related equipment on floors 4 through 10 of the Building shall not generate sounds, noise, or vibration at levels which exceed NC-40 when at least ten feet away from the Building's mechanical rooms.

(b) (A) passenger elevator service to the Premises at all times (including one passenger elevator that goes from the ground floor to the lower level of the Building of which the Lower Level Premises are a part) during Business Hours on Business Days in the Building consistent with the service provided in comparable first class midtown Manhattan office buildings, with at least three (3) passenger elevators subject to call at all other times and (B) freight elevator and loading dock accessibility on a non-exclusive, first come-first served basis (i.e., no advance scheduling), subject to Landlord's reasonable determination of availability, during the hours (herein, the **"Freight Elevator Business Hours"**) of 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 4:30 p.m. on Business Days at no charge, and on a reserved exclusive basis at all other times with a four (4) hour minimum on Saturdays or Sundays and otherwise with a one (1) hour minimum, upon the payment of one hundred twenty five dollars ($125.00) per hour (which dollar amount shall be increased annually by the percentage increase in the "**CPI**" over the **"Base CPI"**) within thirty (30) days after Landlord's written demand, subject however to the provisions of Exhibit L annexed hereto with respect to Tenant's Work.

(c) Reasonable quantities of domestic hot (at 105-120 degrees Fahrenheit) water to the base building lavatories in the Premises and reasonable quantities of domestic cold water to the Premises for (i) base building lavatories, (ii) pantries within the Premises, and (iii) for use by Landlord to provide cleaning services in accordance with the specifications annexed hereto as Exhibit G. If Tenant requires domestic water for any other purpose, including without limitation for the Dining Facility, Landlord shall furnish cold water at the Building core riser

through a two inch (2") capped outlet located on the floor on which the Premises is located to which Tenant may at Tenant's sole cost, connect and the cost of distributing such water from the capped outlet and the cost of heating such water shall be Tenant's sole responsibility. Landlord may install and maintain, at Tenant's expense, meter(s) to measure Tenant's consumption of cold water for such other purposes in which event Tenant shall reimburse Landlord for the quantities of cold water shown on such meter(s), within ten (10) Business Days following Landlord's written demand;

(d) electric energy at a level of not less than six (6) watts demand load at the panel per usable square foot contained in the Premises (exclusive of electricity for the Building HVAC system, but for the avoidance of doubt, inclusive of any supplemental HVAC installed by Tenant) for Tenant's use of lighting and other electrical fixtures, appliances and equipment (the **"Maximum Electric Load"**). If Tenant submits a load letter and reasonably demonstrates the need for power in excess of the Maximum Electric Load and subject to the availability of such additional power required to supply such additional power, Landlord will assist Tenant in procuring such excess power, at Tenant's sole cost and expense. Tenant shall pay Landlord within ten (10) Business Days following Landlord's written demand its then established connection charge for each additional amp of power or portion thereof provided to the Premises and the cost of installing additional risers, meters, switches and related equipment necessary to provide such additional power.

(e) Access through the junction box installed by Landlord in the core electric closets in the Premises, to an independent emergency power system (the **"EPS**") by way of pathways and risers designated by Landlord and reasonably approved by Tenant, to provide backup lighting to the Premises in the event of loss of normal power supply, in the amount of one-quarter (¼) watt per usable square foot of the Premises (the **"Maximum EPS Load"**). Tenant shall be responsible at Tenant's cost and expense to make the connections to the EPS from the Premises. Should Tenant require additional backup power from the EPS in excess of the Maximum EPS Load, then provided Tenant reasonably demonstrates the need for power in excess of the Maximum Electric Load and subject to the availability of such additional power (in Landlord's sole discretion), Landlord shall make available to Tenant additional power from the EPS System, provided Tenant shall at Tenant's cost do such core drilling and run such additional risers as may be necessary for Tenant to utilize such additional backup power. Tenant shall pay to Landlord within ten (10) Business Days following Landlord's written demand therefor, as and when Fixed Rent is payable hereunder, for the availability of such additional emergency power in excess of the Maximum EPS Load, Fifty Dollars ($50.00) per kilowatt per month as such amount shall be increased annually by the percentage increase in the "CPI" over the "Base CPI." Tenant acknowledges and agrees that Landlord shall have no liability to Tenant in the event of any failure of the EPS and Tenant hereby indemnifies and holds Landlord harmless from any costs, expenses, loss or liability resulting from Tenant's connections to the EPS.

(f) access to the Premises and the Building twenty-four (24) hours a day, seven (7) days a week, subject to Force Majeure or Casualty, and except as otherwise expressly set forth in the terms of this Lease and subject to Landlord's reasonable security measures for the Building; and

(g) Landlord shall provide cleaning services to the Premises (other than the areas of the Lower Level Premises which are not used for office space) on Business Days in accordance with the specifications set forth on Exhibit G attached hereto. Tenant shall have the right to contract directly with Landlord's cleaning contractor providing the services specified on Exhibit G, for additional cleaning services.

(h) If Tenant shall install a supplemental HVAC system (the **"Supplemental HVAC System")** within the Premises as part of Tenant's Work which utilizes condenser water, then within twenty-four (24) months after Tenant has commenced business operations at the Premises, Tenant shall deliver to Landlord a written notice specifying the amount of condenser water Tenant will require to operate the Supplemental HY AC System, then provided that such amount shall not exceed two hundred thirty-one (231) tons, Landlord shall furnish such condenser water to Tenant and Tenant may distribute such condenser water throughout the Premises. The cost of such condenser water as well as the cost of piping and other equipment or facilities required to distribute the condenser water within the Premises shall be paid by Tenant. If Tenant fails to deliver such notice, Landlord cannot guaranty the quantity of condenser water that will be made available to Tenant. Subject to the terms of this Lease, Tenant shall pay as Additional Rent all reasonable, actual, out-of-pocket charges incurred by Landlord as the result of Tenant's installation and use of the Supplemental HVAC System, and Tenant shall pay Landlord for the condenser water used in connection with the supplemental HVAC system at a rate of Six Hundred Dollars ($600) per ton per annum used, as such amount shall be increased annually by the percentage increase in the "CPI" over the "Base CPI" provided that in no event shall Tenant be liable for tap-in or hook-up fees.

(i) The Building will have a restricted-access program for all tenants and their employees and visitors which shall initially consist of a combination of controlled electronic access (i.e., turnstiles), electronic surveillance to monitor and record Building activity on a 24-hour basis and uniformed security guards. Tenant employees shall be issued iPhone or Android based digital credentials that will enable access into the lobby areas and to the elevators. Tenant shall be entitled to 2500 identification credentials (which may be a card or a phone application) without cost, but any identification credentials in excess of that amount shall be provided by Landlord, at Tenant's cost. Landlord shall have installed a security management system in the Building which will include, (A) an access control and alarm monitoring system that will provide (i) electronic card control for perimeter entry; (ii) multiple access control options for turnstiles; (iii) physical key or wireless battery-operated electronic locks for back of house; (iv) alarm monitoring of the perimeter and selected interior areas of the Building; and (v) a photo identification and barcode badging system; (B) a visitor management system; and (C) closed circuit television. The Building security management system described hereunder shall be monitored from the Building security office during the day hours and from the security desk workstations on a 24-hour, 7-day basis. Tenant acknowledges that (x) Landlord, in agreeing to arrange for the security programs specified above, does not ensure the security of the Building, and (y) accordingly, Tenant remains responsible for making the Alterations in, and adopting procedures for, the Premises that Tenant considers adequate to provide for Tenant's security. Tenant also agrees that the means of implementing the services described in this clause 3.0l(i) may be modified over time and from time to time as older methods become obsolete and more effective technologies become available as reasonably required to be consistent with services offered by other first class office buildings. Tenant agrees that Tenant is responsible at Tenant's

sole expense for controlling and securing access into its Premises from the elevators and throughout the Premises (including the Lower Level Premises) and Landlord shall have no responsibility in connection therewith.

(j) The Building will feature a bike room at ground level (current capacity is seventy-six (76) bicycles). Bike room use is on a first come first served basis. Should the bike room be at capacity, Tenant shall have the ability to bring bikes into its Premises by utilizing the freight elevator. From and after the date that the bike room has been completed and is open and available for use by the tenants of the Building, Landlord shall have the right to relocate the bike room within the Building at any time, and from time to time, in Landlord's sole discretion, on thirty (30) days prior notice, provided that the relocated bike room shall be substantially similar to its predecessor in terms of size and accessibility. Landlord shall have the bike room ready for Tenant's use by September 1, 2020. Tenant shall have the right, at its election, to utilize the bike room towards LEED certification.

(k) Landlord shall provide a Building Management system (the **"BMS")** to monitor all Building Systems. Tenant shall have the right, at Tenant's expense, to connect Tenant's monitoring system to the BMS, provided that Tenant shall use Landlord's designated contractor to make such connections.

(l) Should Landlord determine, in its sole discretion, to construct a parking garage in the lower level of the Building, Landlord shall make available to Tenant five (5) parking spaces within any such garage, without charge to Tenant. Nothing contained in this subsection 3.01(1) shall be construed to obligate Landlord to construct any garage in the Building, or if Landlord should construct such garage, to operate, repair or maintain such garage.

(m) Landlord intends to provide conference room and lounge facilities on the ground floor of the Building (the **"Amenity Space")** which shall be available to all tenants of the Building on a first come first serve basis and on a pay per use basis subject to established charges therefor. From and after the date that the Amenity Space has been completed and is open and available for use by the tenants of the Building, Landlord shall have the right to relocate the Amenity Space, in Landlord's sole discretion, on thirty (30) days prior notice, provided that the relocated Amenity Space shall be substantially similar to its predecessor, including, without limitation, with respect to size, accessibility, and scope of amenities. Nothing contained in this Subsection 3.0l(m) shall be construed to obligate Landlord to maintain the Amenity Space or to operate or repair the Amenity Space, except as provided in the immediately following sentence. Should Landlord elect to discontinue providing the Amenity Space, then prior to discontinuing providing the Amenity Space, Landlord shall notify Tenant of that election, and unless within sixty (60) days after the date of such notice, Tenant shall then be paying or shall agree to pay Landlord $265,000 per annum or the difference between $265,000 and what Tenant is then paying (the **"Amenity Space Payment")** for the use of such Amenity Space, whether by way of memberships, pay-per-use or other payment, Landlord may discontinue providing the Amenity Space. The Amenity Space Payment shall increase each year on the anniversary of the Commencement Date by an amount equal to 2.5% of the amount of the prior year's Amenity Space Payment.

(n) Landlord will furnish 40 tons of condenser water to the Lower Level Premises for Tenant's use in providing HVAC to the Lower Level Premises. The cost of piping and other equipment or facilities required to distribute the condenser water within the Lower Level Premises shall be paid by Tenant. The provisions of subsection 3.0l(h) with respect to supply of additional tonnage and the cost thereof to Tenant shall apply with respect to any additional condenser water Tenant may request for use in the Lower Level Premises. Should Tenant use the HVAC in the Lower Level Premises during hours other than from 8:00 am to 8:00 pm on Business Days and 8:00 am to 1:00 pm on Saturdays which are not Holidays, the provisions of subsection 3.0l(a) shall apply with respect to the process and cost for the provision of condenser water during such overtime hours.

Section 3.02 Interruption of Services. (a) Landlord may stop or interrupt any Landlord Service, electricity, or other service and may stop or interrupt the use of any Building facilities and systems at such times as may be necessary and for as long as may reasonably be required by reason of accidents, strikes, or the making of repairs, alterations or improvements, or inability to secure a proper supply of fuel, gas, steam, water, electricity, labor or supplies, or by reason of any other cause beyond the reasonable control of Landlord; provided that, in case of interruption required by the making of repairs, alterations or improvements, Landlord shall provide Tenant with not less than five (5) Business Days' advance written notice (except in case of emergency, where no notice or shorter notice as reasonable shall be sufficient) prior to any scheduled suspension of service and, if ascertainable, its estimated duration, and Landlord shall endeavor, in a commercially reasonable manner and to a commercially reasonable extent, to minimize disruption or interference to Tenant's permitted use of the Premises, to the extent practical. Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant by reason of any stoppage or interruption of any Landlord Service, electricity or other service or the use of any Building facilities and systems for any reason. Landlord shall use reasonable diligence (which shall not include incurring overtime charges) to make such repairs as may be required to machinery or equipment within Landlord's control to provide restoration of any Landlord Service and, where the cessation or interruption of such Landlord Service has occurred due to circumstances or conditions beyond Landlord's control, to cause the same to be restored by diligent application or request to the provider. Notwithstanding the foregoing, in the event that (i) any interruption or discontinuance of services provided pursuant to this Article 3 occurs, (ii) Landlord fails to make any repair it is required to make pursuant to this Lease, or (iii) Tenant's access to the Premises is denied or use of the Premises or any portion thereof is materially adversely affected, then provided that none of the events specified in clauses (i) through (iii) are caused by any willful misconduct or negligent act or omission of Tenant, its agents, employees or contractors, and such events materially and adversely affects Tenant's ability to conduct business in all or a portion of the Premises for the uses permitted under this Lease and Tenant actually ceases doing business in all or such portion of the Premises, then if such event is within Landlord's control to cure, and event continues beyond five (5) Business Days after Tenant's written notice to Landlord (which Tenant may provide prior to the expiration of the five (5) Business Day period), then the Fixed Rent and Additional Rent for Operating Expenses and Taxes shall abate after such five (5) Business Day period proportionately, for so long as Tenant remains unable to conduct its ordinary business in all or such portion of the Premises. In no event shall Landlord have any liability with respect to any failure or interruption of the Landlord services set forth in Section 3.01 except as specifically set forth in this Section 3.02. A fire or other casualty causing an interruption of services shall not be subject to

the provisions of this Section 3.02 but shall be governed by the provisions of Article 7 of this Lease only.

(b) Landlord may stop or interrupt any Landlord Service, electricity, or other service and may stop or interrupt the use of any Building facilities and systems at such times as may be necessary and for as long as may reasonably be required by reason of accidents, strikes, or the making of repairs, alterations or improvements, or inability to secure a proper supply of fuel, gas, steam, water, electricity, labor or supplies, or by reason of any other cause beyond the reasonable control of Landlord. If, at any time during the Term, (i) there shall be a failure of the services required to be furnished to Tenant hereunder, or (ii) Landlord fails to perform the repairs expressly required of Landlord under this Lease, or to provide access to the Premises (or a portion thereof), and (iii) as a result of such failure under clause (i) and/or (ii) above the Premises (or a portion thereof) become untenantable and are vacated, then from and after the fifth (5th) Business Day after the date Tenant shall notify Landlord that the Premises (or such portion thereof) is untenantable and has been vacated, and as Tenant's sole remedy for such events, the Fixed Rent and Additional Rent for Operating Expenses and Taxes shall abate (on a pro rata basis) for so long as Tenant remains unable to conduct its ordinary business in all or such portion of the Premises. In no event shall Landlord have any liability with respect to any failure or interruption of the Landlord services set forth in this Section 3.01 except as specifically set forth in this Section 3.02. A fire or other casualty causing an interruption of services shall not be subject to the provisions of this subsection Section 3.02 but shall be governed by the provisions of Article 7 of this Lease only.

Section 3.03 Provision of Overtime Services. The provision of overtime services on non-Business Days or after or before the Business Hours shall be subject to minimum hour requirements and such other conditions as may be uniformly established by Landlord for the Building from time to time. Without limiting any of Landlord's other rights and remedies, if Tenant shall be in default under this Lease beyond all applicable notice and cure periods, (i) Landlord shall not be obligated to furnish to the Premises any service outside of Business Hours on Business Days unless Tenant pays for the same in advance, and (ii) Landlord shall have no liability to Tenant by reason of any failure to provide, or discontinuance of, any such service.

Section 3.04 Business Hours. "Business Hours" means 8:00 a.m. to 6:00 p.m. **"Business Days"** means all days except Saturdays Sundays, New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and the day thereafter, Christmas and any other days which are either (i) observed by both the federal and the state governments as legal holidays or (ii) designated as a holiday by the applicable Building Service Union Employee Service contract or Operating Engineers contract (herein called in the aggregate, **"Holidays").**

Section 3.05 Telecom Riser. Landlord shall, at no additional cost to Tenant, provide diverse vertical riser shaft space for Tenant's general voice and data requirements from the Building telecom POE (with respect to voice and data requirements) to the Premises, and from the Premises to the roof at no cost to Tenant in the locations shown on Exhibit D annexed hereto.

ARTICLE 4
ALTERATIONS; REPAIRS; ACCESS

Section 4.01 Alterations. Except as hereinafter expressly provided, Tenant shall make no improvements, changes or alterations in or to the Premises **("Alterations")** without Landlord's prior written approval. Provided that no Event of Default has occurred and is continuing under the Lease, Landlord shall not unreasonably withhold, condition or delay its approval to any Alteration that is not a Material Alteration; provided that Landlord will be deemed to have reasonably withheld approval to any Alteration that requires the consent of any Superior Mortgagee or Superior Lessor and such Superior Mortgagee or Superior Lessor does not consent thereto. **"Material Alteration"** means an Alteration that (i) is not limited to the Premises or which affects the exterior (including the appearance) of the Building, and/or (ii) adversely affects the structure of the Building, and/or (iii) adversely affects the usage or the proper functioning of any of the mechanical, electrical, plumbing or life safety systems of the Building (the **"Building Systems"),** and/or (v) requires a change to the Building's certificate of occupancy and/or (vi) does not comply with the LEED rating achieved by the Building at the time the Material Alteration request is submitted.

(a) Tenant shall not proceed with any Alteration requiring the filing of plans unless and until Landlord approves Tenant's plans and specifications therefor, which approval shall not be unreasonably withheld, conditioned or delayed with respect to Alterations which are not Material Alterations. Any review or approval by Landlord of plans and specifications (including, without limitation, any applicable architectural, mechanical and electrical working drawings, construction drawings and reasonably detailed working drawings, being collectively herein referred to as **"Tenant's Alteration Plans")** with respect to any Alteration is solely for Landlord's benefit, and without any representation or warranty to Tenant with respect to the adequacy, correctness or efficiency thereof, its compliance with Laws or otherwise. Landlord shall respond to Tenant's request for approval of any proposed Alterations or any Tenant's Alteration Plans within fifteen (15) Business Days after Landlord's receipt of such request for approval and/or Tenant's Alteration Plans, by granting approval therefor or denying approval and providing reasonably detailed objections in connection therewith. If Landlord shall fail to approve or disapprove (with reasonably detailed objections) Tenant's written request for approval of any Alteration or any Tenant's Alteration Plans, (herein called an **"Alterations Request")** within fifteen (15) Business Days after such Alterations Request is received by Landlord, then Tenant shall have the right to give to Landlord a second request for approval (herein called a **"Second Alterations Request").** If Landlord shall fail to approve or disapprove (with reasonably detailed objections) a Second Alterations Request within five (5) Business Days after Landlord's receipt thereof, then, Tenant shall have the right to give Landlord a third request for approval (herein called a **"Third Alterations Request")** and if Landlord shall fail to approve or disapprove (with reasonably detailed objection) a Third Alterations Request within five (5) Business Days after Landlord's receipt thereof, then as Tenant's sole remedy for such failure, and provided that the Third Alterations Request contains the language specified below, such Third Alterations Request shall be deemed approved by Landlord with respect to the Alterations and/or Tenant's Alteration Plans in question upon the expiration of such five (5) Business Day period. Tenant agrees that the Third Alterations Request shall refer specifically to this Section 4.0l(a) and state that Landlord must respond to the Third Alterations Request within five (5) Business Days after Landlord's receipt or such Third Alterations Request shall be deemed

approved by Landlord with respect to the Alterations and/or Tenant's Alteration Plans in question. As a condition to the effectiveness of such Third Alterations Request, it shall contain a statement in at least 12-point bold type and capital letters stating that it is a **"DEEMED APPROVAL NOTICE".** Notwithstanding the foregoing, Landlord shall have up to five (5) Business Days after receipt of any Alterations Request to reasonably request additional information from Tenant as part of its review and approval process with respect to such Alterations Request, and the fifteen (15) Business Day or five (5) Business Day period specified above, shall not commence until all such additional information is received by Landlord.

(b) For each Alteration, including Tenant's Work, Tenant shall pay to Landlord, as Additional Rent, within twenty (20) days after demand together with reasonably supporting documentation, all actual, reasonable out of pocket third-party costs and expenses incurred (including, without limitation, the actual, reasonable fees of any third-party architect or engineer engaged by Landlord or any Superior Lessor or Superior Mortgagee for such purpose) for reviewing Tenant's Alteration Plans and inspecting Alterations.

(c) Tenant shall obtain (and furnish copies to Landlord of) all necessary governmental permits and certificates for the commencement and prosecution of Alterations and for final approval thereof upon completion, and shall cause Alterations to be performed in compliance therewith, and in compliance with all Laws and the Alterations Rules and Regulations attached hereto as Exhibit C-1 and with the plans and specifications approved by Landlord. Tenant shall use an expediter designated by Landlord that charges reasonably competitive rates in seeking to obtain all such permits and certificates. Alterations shall be diligently performed in a good and workmanlike manner using new materials and equipment at least equal in quality and class to the then standards for the Building established by Landlord in its reasonable discretion. Alterations shall be performed by contractors (which may be open shop contractors) first approved by Landlord (not to be unreasonably withheld, conditioned or delayed); provided, that any Alterations in or to the life safety systems of the Building relating to the fire alarm connections and/or programming, shall be performed only by the contractor(s) designated by Landlord, which shall charge commercially reasonable rates. Notwithstanding anything to the contrary contained herein, Landlord's approval of any expediter, contractor, subcontractor, architect, engineer, service provider, supplier, vendor, or other consultant (each, a **"Tenant Designated Provider"):** (i) shall be without liability to or recourse against Landlord; (ii) shall not limit or otherwise affect Tenant's obligations under this Lease; (iii) shall not constitute any warranty by Landlord regarding the adequacy, professionalism, competence, or experience of any such Tenant Designated Provider ; and (iv) shall not relieve Tenant of its obligations hereunder to obtain Landlord's prior consent with respect to any replacement or additional Tenant Designated Provider to the extent required under this Lease. Notwithstanding anything to the contrary set forth in this Lease (including, without limitation the Alterations Rules and Regulations), (A) Landlord hereby consents to Tenant obtaining, at Tenant's sole cost and expense, any required permits and approvals for any Alterations (including the Tenant's Work) based upon the Tenant's architect's and engineer's self-certification of the Tenant's plans; and (B) Tenant shall have the right to perform Alterations (including the Tenant's Work) at any hours of the day, subject to applicable legal requirements and the Alterations Rules and Regulations which prohibit certain types of work from being performed during Business Hours of Business Days.

(d) Throughout the performance of Alterations, Tenant (if Tenant is performing the work), Tenant's contractors and subcontractors shall carry, in effect at all times during the performance of the Alterations and thereafter, as specified herein, the following lines of insurance as will protect against claims, which may arise out of or result from the Alterations and/or operations related thereto for which the Tenant and/or contractor may be legally liable, whether performed by the Tenant, contractor, a subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable. Such lines of insurance must be maintained for not less than the following minimum limits, issued by a company or companies licensed and authorized to do business in the State of New York and possessing an A.M. Best's Rating of not less than "A-" and a financial size of "VIII" in the latest edition of Best's Insurance Reports (except for the State Fund for Workers' Compensation coverage, if applicable). Prior to the commencement of Alterations, Tenant must deliver certificates of insurance and policy endorsements evidencing the coverage required hereunder to Landlord, which will be subject to Landlord's reasonable approval. Copies of policies will be provided to Landlord upon request.

(i) worker's compensation and New York Temporary Disability Benefits insurance, in such amounts as shall be required, from time to time during the Term, by applicable Laws together with employer's liability insurance in amounts of not less than One Million Dollars ($1,000,000.00) each accident, One Million Dollars ($1,000,000.00) disease policy limit, and One Million Dollars ($1,000,000.00) disease each employee;

(ii) commercial general liability insurance issued on an ISO CG 00 0l occurrence policy form or a substitute providing equivalent coverage, which must cover, without limitation, liability arising from personal and advertising injury, ongoing and products-completed operations, and independent contractor liability, as well as coverage for terrorism. The minimum limits of coverage must be no less than One Million Dollars ($1,000,000.00) each occurrence and Two Million Dollars ($2,000,000.00) general aggregate covering bodily injury and property damage, One Million Dollars ($1,000,000.00) personal and advertising injury, and Two Million Dollars ($2,000,000.00) products-completed operations aggregate, or the applicable limits of insurance shown in the policy declarations, whichever are greater. This policy must (i) apply the general aggregate separately to the applicable Alteration by an aggregate limit per project endorsement on ISO form ISO CG 25 03 05 09 or equivalent form; (ii) continuously be maintained as to products-completed operations with respect to liability arising out of the applicable Alteration for a minimum period equal to six (6) years after substantial completion of such Alteration, whichever period is greater; (iii) include a separation of insureds clause without any insured versus insured exclusion applicable to the additional insureds; (iv) provide coverage for liability assumed under an "insured contract" (including tort liability of another assumed in a commercial contract) without any limiting modification or removal to the (x) definition thereof, or (y) insured contract exception to the contractual liability and employer's liability exclusions; (v) not contain any exclusion or limitation with respect to the Landlord's and the additional insureds' vicarious liability, strict liability, or statutory liability, including, without limitation, liability pursuant to New York Labor Laws; (vi) not contain any classification limitation endorsement, which limits or excludes coverage applicable to the Alterations

construction type; (vii) not contain any exclusion with respect to "explosion, collapse, and underground" property damage hazards; (viii) not contain any exclusion or limitation with respect to resulting or consequential property damage to or from "your work"; (ix) not contain any exclusion or limitation of coverage for work performed in any occupied area of the Project or site; and (x) cover incidental design liability arising from the insured's construction means and methods without any exclusion with respect to professional liability broader than ISO endorsement CG 22 79 07 98; The commercial general liability (including ongoing and products-completed operations coverage), automobile liability, and umbrella/excess liability insurance policies, as well as Contractor's Pollution Liability (as applicable) must include Landlord, its agent (provided such agent's name and address has been furnished to Tenant) and any Superior Lessor and Superior Mortgagee whose name and address have been furnished to Tenant, Pavarini McGovern, LLC, Cove Development Services LLC, Cove-BP Investors LLC, Cove Property Group GP LLC, ACREFI Holding J-1, LLC as Agent,, its successors and/or assigns ATIMA (c/o Situs Asset Management LLC P.O. Box 177 Robbins, NC 27325 Loan #), any additional party Landlord may designate from time to time, and each of their respective directors, officers, board members, elected officials, shareholders, members, partners, employees, agents, successors and assigns (collectively, the **"Landlord Additional Insureds")** each as an additional insured, which must be at least as broad as the coverage provided to the named insured thereunder. This insurance must be primary and any other insurance that may be available to Landlord or any other Landlord Additional Insured must be excess and non-contributory, which must be afforded by policy endorsement. Such additional insured coverage as to the commercial general liability insurance policy must be afforded by way of scheduled endorsement ISO CG 20 37 10 01 together with CG 20 10 10 01 or their equivalent. The additional insured and primary and non-contributory endorsements must (i) be furnished to and approved by Landlord prior to the commencement of the Alterations; and (ii) not contain any limitation or exclusion due to the requirement of contractual privity between any such person or organization required to be included as an additional insured and the named insured. Defense will be provided as an addition to and not included within the limit of liability.

(iii) commercial automobile liability insurance covering liability arising out of any auto, including owned (if any), non-owned, and hired autos, in an amount of not less than One Million Dollars ($1,000,000.00) combined single limit each accident for bodily injury and property damage, provided that, such non-owned and hired auto liability may be satisfied by appropriate endorsement to the commercial general liability insurance policy;

(iv) umbrella and/or excess liability insurance policy in excess of commercial general liability, automobile liability, and employer's liability insurance policies, concurrent to, and at least as broad as the underlying primary insurance policies, which must "drop down" over reduced or exhausted aggregate limits as to such underlying policies and contain a "follow form" statement. The minimum limits of coverage must be no less than Fifteen Million Dollars ($15,000,000.00) each occurrence, Fifteen Million Dollars ($15,000,000.00) in the aggregate, and Fifteen Million Dollars ($15,000,000.00) products-completed operations as to Tenant and its contractor and

limits that are commensurate with the risks presented by their operations at the site as determined by such contractor as to subcontractors, provided that, with respect to any crane and operations subcontractor, the minimum limits shall be no less than Ten Million Dollars ($10,000,000.00) or such other amount as is acceptable to Landlord in writing. Such umbrella/excess liability policy must be endorsed to provide that this insurance is primary to, and non-contributory with, any other insurance on which Landlord and the additional insureds are an insured, whether such other insurance is primary, excess, contingent, self-insurance, or insurance on any other basis. This endorsement must cause the umbrella/excess coverage to be vertically exhausted, whereby such coverage is not subject to any "other insurance" clause under this umbrella/excess liability policy;

(v) if applicable, contractor's pollution liability insurance shall be maintained by Tenant's contractor in the minimum amounts of not less than Two Million Dollars ($2,000,000.00) each occurrence and Two Million Dollars ($2,000,000.00) in the aggregate, or the applicable limits of insurance shown in the policy declarations, whichever are greater. If any subcontractor is engaged for environmental abatement or remediation work, including treatment, storage, removal or transport of hazardous substances at, to, or from the Premises or Project site, or work includes, but is not limited to, plumbing, HV AC, fire sprinkler and process piping or any other work which could in any way contribute to or cause moisture to be introduced into the interior of the Building, either by construction, sealing or penetrating any portion of the Building's exterior envelope or releasing moisture within the Building, that subcontractor must maintain contractor's pollution liability insurance in amounts of not less than One Million Dollars ($1,000,000.00) each occurrence and One Million Dollars ($1,000,000.00) in the aggregate. This policy must (i) include liability coverage for bodily injury and property damage, clean-up costs resulting from pollution conditions, as well as coverage for mold, accidental release of asbestos; (ii) be written on an occurrence policy form and continuously maintained as to completed operations coverage with respect to liability arising out of the applicable Alterations for a minimum period equal to six (6) years after Substantial Completion of the applicable Alterations; provided, however, if the contractor's pollution liability policy is written on a claims-made basis, Tenant's contractor and/or subcontractor (as applicable) must continuously maintain this policy in force by renewal or extended reporting period provision for a minimum period equal to six (6) years after Substantial Completion of the applicable Alterations; and

(vi) personal property insurance for each Tenant's and subcontractor's own property, tools, and equipment, including, all associated property insurance, deductibles, and claims related thereto.

(vii) professional liability insurance to be maintained with respect to any architect and engineer engaged to perform any professional design or engineering services, in amounts of not less than Two Million Dollars ($2,000,000.00) per claim and Two Million Dollars ($2,000,000.00) in the aggregate. Such policy must (i) continue in force by renewal or extended reporting period provision for a minimum period equal to six (6) years after substantial completion of the Alterations.

(viii) Builder's Risk, installation floater or other similar property coverage insurance on Causes of Loss-Special Form or its equivalent, in the amount of the Alterations, on a replacement cost basis without any co-insurance requirements or penalties.

(e) Should any mechanics' or other liens be filed against any portion of the Project by reason of the acts or omissions of, or because of a claim against, Tenant or anyone claiming under or through Tenant, Tenant shall cause the same to be canceled or discharged of record by bond or otherwise within forty-five (45) days after notice from Landlord. If Tenant shall fail to cancel or discharge said lien or liens within said forty-five (45) day period, Landlord may, but shall not be obligated to, cancel or discharge the same and, promptly following Landlord's written demand, Tenant shall reimburse Landlord for all reasonable, out-of-pocket costs incurred by Landlord in canceling, bonding, or discharging such liens, together with Interest thereon at the Interest Rate from the date incurred by Landlord to the date of payment by Tenant, such reimbursement to be made within thirty (30) days after receipt by Tenant of a written statement from Landlord as to the amount of such costs (accompanied by reasonable evidence and/or detail thereof). Tenant shall indemnify and hold Landlord harmless from and against all costs (including, without limitation, reasonable attorneys' fees and disbursements and costs of suit), losses, liabilities or causes of action incurred by Landlord arising out of or relating to any Alteration, including, without limitation, any mechanics' or other liens asserted in connection with such Alteration.

(f) Tenant shall deliver to Landlord, within sixty (60) days after the completion of an Alteration, two (2) sets of "record" or updated shop drawings thereof prepared by Tenant's architect showing the Premises in its "as built" (e.g. with field variations marked thereon) condition after the completion of such Alteration. During the Term, Tenant shall keep records of each Alteration costing in excess of two hundred fifty thousand dollars ($250,000.00), including plans and specifications, copies of contracts, invoices, evidence of payment and all other records customarily maintained in the real estate business relating to Alterations and the cost thereof for the Term of this Lease and shall, within thirty (30) days after written demand by Landlord, furnish to Landlord copies of such records.

(g) All Alterations installed by Tenant in the Premises shall be fully paid for by Tenant subject to the terms of this Lease and shall not be subject to conditional bills of sale, chattel mortgages, or other title retention agreements.

(h) Landlord shall sign, to the extent required, all applicable applications to the DOB for permits for Alterations within seven (7) Business Days after it receives the same from Tenant (which request for signature may be made by Tenant prior to approval of plans and specifications). Landlord and Tenant agree that Landlord's signature of a permit application with respect to Alterations shall not be consider ed Landlord's approval of the applicable Alterations or for the final plan therefor or waiver of any rights Landlord has under Section 4.01(a) hereof. Nothing contained in this Section 4.01(h) shall be deemed to (i) require Landlord to sign any application which Landlord reasonably believes to contain inaccurate information, (ii) impose on Landlord any obligation to verify the accuracy of any information contained in any such application or (iii) constitute Landlord's representation or agreement as to the accuracy of any information contained in any such application. Notwithstanding anything to the contrary

contained herein, Landlord agrees to reasonably cooperate, at no expense to Landlord, with Tenant in the procurement of any licenses, permits, "sign offs," approvals or certificates which may be required by any governmental or quasi-governmental agency or authority with respect to Tenant's Alterations. Any and all reasonable out of pocket third party costs, fees and/or expenses in connection with the procurement of any of the aforementioned items shall be borne solely by Tenant.

(i) Notwithstanding anything to the contrary contained in this Lease, and provided that no Event of Default has occurred and is then continuing, Tenant shall have the right, without Landlord's prior approval or consent, to make (1) decorative Alterations to the Premises (such as painting, wall covering, carpeting (provided not installed with adhesives) and hanging pictures) and/or (2) non-structural Alterations to the Premises which are not Material Alterations and which do not adversely affect the Building exterior or structure or the Building Systems and which do not require a building permit or authorization from any governmental entity, costing less than seven hundred fifty thousand dollars ($750,000.00) as such amount shall be increased annually by the percentage increase in the "CPI" over the "Base CPI" (as those terms are herein defined) in the aggregate per twelve (12) month period. Tenant shall provide Landlord with no less than ten (10) days' prior written notice, in reasonable detail, of such Alterations together with plans and specifications for such Alterations and the identities of the contractor(s)/materialmen who will be delivering and/or performing the work in connection with such changes. **"CPI"** shall mean the ''Consumer Price Index" for the month of December just preceding each anniversary of the Commencement Date, and the **"Base CPI"** is the Consumer Price Index for December of the previous lease year. As used herein, Consumer Price Index shall mean and refer to that table in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics, now known as the "Consumer Price Index" for all Urban Consumers (Index 1982-1984 = 100). If such Index referred to above shall be discontinued, then any successor Consumer Price Index of the United States Bureau of Labor Statistics, or successor agency thereto, shall be used, and if there is no successor Consumer Price Index, the parties hereto shall agree to designate a substitute Index or formula.

(j) Landlord and Tenant shall cooperate with each other in good faith to maintain harmonious labor relations in the Building and to prevent and/or end any work stoppages, picketing and labor disruptions, disputes or disharmony in the Building. Each party shall promptly notify the other if it becomes aware of any dispute among contractors or subcontractors that might result in picketing of the Building or a work stoppage. Tenant agrees that to the extent Tenant requires or permits its general contractor or construction manager to use both union and non-union subcontractors, Tenant shall (i) ensure that such subcontractors are aware that the project is an "open shop" (ii) vet the mix of union and non-union trades and contractors to be utilized to avoid work stoppages or labor actions (iii) promptly take all reasonable steps to contain any jurisdictional disputes by triggering the procedures governing such disputes in the New York Plan for the Settlement of Jurisdictional Disputes or by involving the National Labor Relations Board.

Section 4.02 Landlord's and Tenant's Property. All fixtures, equipment, improvements and appurtenances permanently attached to or built into the Premises (including without limitation those implemented as part of the Tenant's Work), whether or not at the expense of Tenant (collectively, **"Improvements and Betterments")** shall be and remain a part

of the Premises and shall not be required to be removed by Tenant except as otherwise expressly set forth in this Lease.

(a) All movable partitions other than office fronts, business and trade fixtures, machinery and equipment, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively, **"Tenant's Property")** shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided, that if any Tenant's Property is removed by Tenant, Tenant shall repair any damage to the Premises or to the Building from the removal thereof.

(b) On or before the Expiration Date, Tenant, at Tenant's expense, shall remove all of Tenant's Property from the Premises (except such items thereof as Landlord shall have expressly permitted to remain at Tenant's request, which, if Tenant elects to leave behind, shall become the property of Landlord), and Tenant shall repair any damage to the Premises or the Building resulting from any removal by Tenant of Tenant's Property. Any items of Tenant's Property which remain in the Premises for at least thirty (30) days after the Expiration Date, may, at the option of Landlord, be deemed to have been abandoned, and may be retained by Landlord as its property or disposed of by Landlord, without accountability, in such manner as Landlord shall determine, at Tenant's expense (except with respect to such items thereof as Landlord shall have expressly permitted to remain at Tenant's request). The provisions of this Section 4.02(b) shall survive the Expiration Date.

(c) Landlord, by notice given to Tenant at the time that Landlord approves or is deemed to approve an Alteration or set of Alterations shall give Tenant Landlord's determination as to whether any such Alterations constitute "Specialty Alterations" (as that term is hereinafter defined), and may require Tenant together with such determination, notwithstanding Section 4.02, to remove all or any Specialty Alterations installed by or on behalf of Tenant on or before the end of the Term. If Landlord shall give such notice designating any of such Alterations Specialty Alterations, then to the extent Tenant shall proceed with such Alterations and does not dispute Landlord's designation thereof as Specialty Alterations in accordance herewith, Tenant, at Tenant's expense, on or prior to the Expiration Date, shall remove the Specialty Alterations from the Premises and shall repair any damage to the Premises or to the Building due to such removal (the **"Surrender Restoration").** Notwithstanding the foregoing, and provided that this Lease is not terminated prior to the Expiration Date on the basis of a Tenant Event of Default, Tenant may elect to have Landlord perform the Surrender Restoration or any portion thereof at Tenant's expense with respect to the actual, reasonable, third-party costs of performing the Surrender Restoration or such relevant portion thereof provided that Tenant shall make such election in writing to Landlord at least nine (9) months prior to the Expiration Date. Within thirty (30) days after Landlord receives notice that Tenant is electing to have Landlord perform the Surrender Restoration or such relevant portion thereof at Tenant's cost and expense in accordance herewith, Landlord shall notify Tenant of Landlord's reasonable estimate (the **"Estimate")** of the costs of performing the Surrender Restoration or such relevant portion thereof, based upon the leveled bids of at least three (3) unrelated third-party contractors. Within thirty (30) Business Days after receipt of the Estimate, Tenant shall either (x) rescind its election to have Landlord perform the Surrender Restoration or any portion thereof, in which case Tenant shall be obligated to perform the Surrender Restoration or such relevant portion thereof on or before the Expiration Date, or (y) pay to Landlord the amount of

the Estimate or the relevant portion thereof relating to the portion of the Surrender Restoration Tenant shall have elected to be performed by Landlord. If Tenant does not either rescind its election to have Landlord perform the Surrender Restoration or pay the amount of the Estimate to Landlord within such thirty (30) Business Day Period, Tenant shall be deemed to have rescinded its election to have the Surrender Restoration performed by Landlord. If Tenant does pay the Estimate, and the actual, reasonable, third-party cost of performing the Surrender Restoration or such relevant portion thereof is higher than the amount of the Estimate, Tenant shall pay any differential within ten (10) Business Days after demand therefor. Any Specialty Alterations that remain in the Premises after the Expiration Date and were not elected by Tenant to be removed by Landlord as aforesaid, may be removed by Landlord, without accountability, in such manner as Landlord shall reasonably determine, at Tenant's expense with respect to the actual, reasonable, third-party costs of performing the same. If Tenant has elected to have Landlord perform the Surrender Restoration and Tenant shall completely vacate the Premises (or any portion thereof in which the Surrender Restoration is to be performed) prior to the Expiration Date, Landlord may perform the Surrender Restoration within the completely vacated portions of the Premises without any liability to Tenant or reduction of rent for the Premises. The provisions of this Section 4.02(c) shall survive the Expiration Date. **"Specialty Alterations"** shall mean any and all Alterations which (i) are located outside of the Premises (including the Antenna and the Connecting Equipment), (ii) are defined as Specialty Alterations under this Lease or (iii) are Alterations or improvements which are not customary for build-outs of tenants of first class office buildings in Manhattan generally or are unusually expensive to demolish or remove, which may include vaults, cooking kitchens, exhaust systems, subflooring structures and raised flooring systems, additional bathrooms installed by Tenant, stone flooring, structural reinforcements, auditoria, dumbwaiters, conveyors, libraries, back-up energy supply systems, generators and fuel tanks, fuel lines and all equipment related to any back-up energy supply system, internal staircases, any Skyfold installations (including its supporting steel), medical facilities, any structural work not typically undertaken in office space or that is unusually expensive to demolish or remove, including beam cuts, slab restorations and floor openings, provided, however, that notwithstanding anything to the contrary set forth in this Lease, in the event Landlord fails to designate any given Alteration as a Specialty Alteration and/or to require Tenant to remove the same, in each event by notice given to Tenant at the time Landlord approves or is deemed to approve such Alteration, then Tenant shall not be required to remove or restore such Alteration nor to pay for any costs therefor. Any dispute between the parties as to whether an Alteration constitutes a Specialty Alterations and/or as to the cost of any Surrender Restoration shall be resolved expedited arbitration in accordance with Article 14 hereof). The provisions of this Section 4.02 shall survive the expiration of this Lease.

Section 4.03 Access and Changes to Building.

(a) Landlord reserves the right, at any time, to make changes in or to the Project as Landlord may deem necessary or desirable (including the Premises, if required by Law or in case of emergency), and Landlord shall have no liability to Tenant therefor except as otherwise set forth in this Lease. Landlord may install and maintain concealed: pipes, fans, ducts, wires and conduits within or through the walls, floors or ceilings of the Premises, also, without limitation, in connection with an installation of a building management system **("BMS System")** in the Building In exercising its rights under this Section 4.03, Landlord shall use reasonable efforts (i) not to interfere (except to a *de minimis* extent) with Tenant's access to

and/or from the Premises, Tenant's use of the Premises for the ordinary conduct of Tenant's business, and/or Tenant's signage and/or lobby rights under this Lease and (ii) provide Tenant with prior reasonable notice, (except in emergencies where no notice shall be required). Tenant shall not have any easement or other right in or to the use of any door or any passage or any concourse or any plaza connecting the Building with any subway or any other building or to any public conveniences, and the use of such doors, passages, concourses, plazas and conveniences may, without notice to Tenant, be regulated or discontinued at any time by Landlord.

(b) Except for the space from and away from the inside surfaces of all walls, hung ceilings, floors, windows and doors bounding the Premises and the Terraces, all of the Building, including, without limitation, exterior Building walls, core corridor walls and doors and any core corridor entrance, or roofs adjacent to the Premises, and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks or other Building facilities (except in each event where installed by Tenant), and the use thereof, as well as access thereto through the Premises, are reserved to Landlord and are not part of the Premises subject to Tenant's rights to use any such portions of the Building in common with other parties.

(c) Landlord shall have no liability to Tenant if at any time any windows of the Premises are temporarily darkened or obstructed by reason of any repairs, improvements, maintenance and/or cleaning in or about the Building or if any windows of the Premises are temporarily or permanently darkened or obstructed by reason of Law or if any part of the Building, other than the Premises, is temporarily or permanently closed or inoperable. Landlord shall perform any such repairs, improvements, maintenance and/or cleaning or comply with such Laws with reasonable diligence and otherwise take such reasonably available actions as may be reasonably necessary to minimize the period during which any such windows are temporarily closed, darkened or bricked up.

(d) In addition to its rights pursuant to Section 4.03(a) hereof, Landlord, its agents, contractors and employees shall have the right, (A) upon reasonable prior written notice to Tenant, i.e. when feasible or appropriate, at least five (5) Business Days' prior notice (except in an emergency where such shorter notice as is reasonable shall be required), to (i) enter the Premises, including without limitation the Terraces, with any necessary materials and/or equipment, to inspect or perform such work as Landlord may reasonably deem necessary or (ii) exhibit the Premises to prospective purchasers, lenders, investors, or to prospective tenants during the last year of the Term, and (B) to erect and maintain sidewalk bridges and/or scaffolding on or about the Building. Landlord shall have no liability to Tenant by reason of any such entry; provided Landlord shall use commercially reasonable efforts to minimize interference with Tenant's (for purposes of this sentence, "Tenant" shall be deemed to include permitted occupants) permitted use of and access to and/or from the Premises and/or Tenant's signage and/or lobby rights under this Lease, in connection therewith. Landlord shall not be required to make any improvements or repairs of any kind or character to the Premises during the Term, except as otherwise expressly provided in this Lease. Notwithstanding anything to the contrary set forth in this Lease, in the event of any instance of access into the Premises by Landlord and/or anyone acting through or under Landlord, Tenant shall have the right to have a Tenant representative present throughout such period of access provided that Tenant shall make

such representative available when Landlord and or anyone acting through or under Landlord shall require such access.

(e) Subject to the provisions of Section 4.06(e) hereof, Landlord reserves the right to name the Building and to change the name or address of the Building at any time and from time to time.

(f) Tenant shall have a non-exclusive right to use (x) the fire stairwell serving the portions of the Premises above the ground level of the Building and (y) fire stairwell "C" to travel from the Lower Level Premises to the portion of the Premises on the fourth (4th) through tenth (10th) floors of the Building (herein collectively called the **"Fire Stairs")** for the purpose of access between respective, the Lower Level Premises to the rest of the Premises and in between the above ground floors of the Premises, at no additional rental charge to Tenant, provided that (1) such use shall be permitted by, and at all times in accordance with, all applicable Laws, (2) any alterations to the Fire Stairs may be designated by Landlord as Specialty Alterations upon review of plans therefor in accordance herewith, (3) Tenant shall comply with Landlord's reasonable rules and regulations adopted from time to time with respect thereto, (4) Tenant shall not prop or block open access doors to the Fire Stairs, (5) Tenant shall not store anything in the Fire Stairs or otherwise impede ingress thereto or egress therefrom, (6) subject to applicable re-entry legal rules and regulations from time to time in effect, Tenant may, at its sole cost and expense and in its sole discretion, install a key card locking system reasonably satisfactory to Landlord on all doors between the Fire Stairs and the floors of the Premises, and (7) Tenant shall tie Tenant's security system into the Building's Class E fire alarm system. Tenant shall provide persons designated by Landlord with "master" card keys (herein called **"Master Card Keys")** so that Landlord shall have access through each entry door of the Premises. To the extent Tenant elects to install such key card locking system, Tenant shall be solely responsible for the operation of the locking system on the doors from the Fire Stairs to the Premises and hereby waives any and all claims against Landlord arising out of or in connection with parties gaining access to and from the Premises through the Fire Stairs, unless the same shall be due to the negligence or willful misconduct of Landlord and/or anyone acting through or under Landlord. Tenant shall make no Alterations to the Fire Stairs without Landlord's approval, which may be withheld in Landlord's sole discretion. All of the provisions of the Lease in respect of indemnification shall apply to the Fire Stairs, as if the same were part of the Premises, if and to the extent any such indemnification obligation arises from the use or misuse of the Fire Stairs by Tenant or any Tenant Party or anyone claiming by, through or under Tenant.

Section 4.04 Repairs.

(a) Tenant, at Tenant's expense, shall in a good and workmanlike manner keep the interior, non-structural portions of the Premises (including, without limitation, all Improvements and Betterments and Tenant's Property in the Premises) in good condition and, upon the Expiration Date shall surrender the Premises to Landlord in broom clean condition (except as otherwise provided in this Lease), reasonable wear and tear and damage from casualty and/or condemnation excepted. Tenant's ongoing obligation shall include, without limitation, the obligation to repair all damage (normal wear and tear and casualty and condemnation damage excepted) caused by Tenant, its agents, employees, invitees and licensees to the equipment and other installations in the Premises or anywhere in the Building. Any maintenance, repair or

replacement to the windows (including, without limitation, any solar film attached thereto), the Building Systems, the Building's structural components or any areas outside the Premises to the extent Tenant's obligation to perform pursuant to this Section 4.04 shall be performed by Landlord at Tenant's actual, reasonable, out-of-pocket expense. If Landlord's access to particular areas of the Premises to perform any repairs as aforesaid is obstructed by the location of any of Tenant's Property, Landlord may request that Tenant remove or relocate such Tenant's Property and Tenant shall do so. Tenant shall not commit or allow to be committed any physical waste or damage to any portion of the Premises or the Building.

(b) Any maintenance, repair or replacement to the windows (including, without limitation, any solar film attached thereto), the Building Systems, the exterior of the Building, the Building's structural components and all areas not leased by other tenants outside the Premises shall be the obligation of and be performed by Landlord. If Landlord's access to particular areas of the Premises to perform any repairs as aforesaid is obstructed by the location of any of Tenant's Property, Landlord may request that Tenant remove or relocate such Tenant's Property and Landlord shall restore any damage to the Premises and/or Tenant's Property as a result thereof.

(c) Landlord shall repair and maintain, the public portions of the Building, both exterior and interior, including without limitation the structural portions of the Building (e.g. roof, foundation, loading bearing walls) and curtain wall, windows and exterior glass, and the systems of the Building serving the Premises up to the point of connection to the Premises, except for those repairs for which Tenant is responsible pursuant to any of the other provisions of this Lease.

(d) Tenant acknowledges and agrees that costs incurred by Landlord pursuant to Section 4.04(c) shall be included within Operating Expenses subject to the specific exclusions from Operating Expenses contained in Section 2.03 hereof. Landlord shall use commercially reasonable efforts to obtain and enforce warranties which are customarily issued with respect to any improvements, equipment, and/or other items which are Landlord's obligations to repair hereunder.

Section 4.05 Compliance with Laws.

(a) Tenant shall comply with all laws, ordinances, codes, rules, orders and regulations (present, future, ordinary, extraordinary, foreseen or unforeseen) of any governmental, public or quasi-public authority and of the New York Board of Underwriters, the New York Property Insurance Underwriting Association and any successor entity performing similar functions, at any time duly in force (collectively **"Laws"),** to the extent the basis for such compliance is attributable to any work or installation performed by Tenant, or the particular manner of use by Tenant of the Premises or any part thereof (as opposed to the mere use of the Premises for general and executive offices), subject in each case, to Tenant's right to contest the applicability or legality of such Laws; provided, however, that no such contest shall result, directly or indirectly, in any criminal or civil charges, fines, interest, penalties, and the like being imposed against Landlord and/or the Land or Building or filed or recorded against the Land and/or Building or any interest of Landlord therein. Tenant shall procure, at its sole cost, and at

all times comply with the terms and conditions of any license or permit required for its business, including any tax or levy imposed by any governmental authority that is specific to Tenant's use.

(b) Tenant shall comply strictly and in all respects with the applicable laws, statutes, ordinances, permits, orders, decrees, guidelines, rules, regulations and orders pertaining to health or the environment **("Applicable Environmental Laws"),** including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 **("CERCLA")** and the Resource Conservation and Recovery Act **("RCRA"),** as each of the foregoing may be amended from time to time, and that apply to Tenant's particular manner of use or occupancy of the Premises (as opposed to the mere use of the Premises for general and executive offices). Tenant does hereby, for itself and its heirs, legal representatives, successors and assigns agree to and hereby does indemnify, defend and hold harmless Landlord, and its heirs, legal representatives, successors and assigns, from any and all liabilities, assessments, suits, costs and expenses, reasonable attorneys' fees and judgments related to and/or arising out of (a) the breach of any of the agreements of Tenant under this Section 4.05(b), (b) the handling, installation, storage, use, generation, treatment or disposal of Hazardous Materials (as hereinafter defined) physically brought into the Premises or Building by Tenant, its employees, contractors, agents and/or invitees in violation of Applicable Environmental Laws, including any cleanup, remedial, removal or restoration work required by the Applicable Environmental Laws which is necessitated by Tenant's violation of the provisions of this Section 4.05(b) or (c) the assertion of any lien or claim upon the Premises pursuant to the Applicable Environmental Laws which is instituted due to any action of Tenant or Tenant's agents, employees, invitees, sublessees, licensees or assignees. The covenants and agreements of Tenant under this Section 4.05(b) shall survive the Expiration Date. As used in this Lease, the term **"Hazardous Materials"** means any lead-based paint flammables, explosives, radioactive materials, asbestos, ACM, petroleum products, the group of organic compounds known as polychlorinated byphenyls and other hazardous waste, toxic substances or related materials, including without limitation, substances defined as hazardous substances, hazardous materials, toxic substances or solid waste in CERCLA, the Hazardous Materials Transportation Act and RCRA, as each of the foregoing may be amended from time to time.

(c) Except to the extent the same is Tenant's responsibility pursuant to this Lease, Landlord shall comply with all Laws in effect that apply to the Building (including without limitation Building Systems and the Premises), to the extent that noncompliance would have the effect of preventing or interfering with, Tenant's use or occupancy of the Premises and/or the performance of Tenant's Alterations therein beyond a de minimis extent in Tenant's reasonable judgment, subject to Landlord's right to contest the applicability or legality of such Laws.

(d) Notwithstanding anything to the contrary set forth in this Lease (i) Tenant shall only be liable for, and have an obligation to remove or remediate in compliance with Applicable Environmental Laws, those Hazardous Materials that are physically brought into the Premises or Building by Tenant, its employees, contractors, agents, and/or invitees and (ii) Landlord shall only be liable for, and have an obligation, at Landlord's sole cost and expense, not subject to inclusion in Operating Expenses, for the removal and remediation in compliance with Applicable Environmental Laws of all Hazardous Materials existing at the Premises, Building, or Project, on or prior to the Commencement Date and all hazardous Materials

introduced to the Building by Landlord and/or anyone acting through or under Landlord. With respect to any material(s) present in any portion of the Premises existing upon the date of delivery of possession thereof to Tenant, which material(s) was in compliance with applicable Legal Requirements at the time of its introduction into the Premises but is later required by applicable Legal Requirements to be removed, Landlord shall be responsible for the removal thereof from the Premises upon and subject to the applicable terms of this Lease and the cost thereof shall be included in Operating Expenses. If, Tenant shall be unable to use the Premises (or a portion thereof) due to the presence or remediation of Hazardous Materials and the Premises or such portion thereof is vacated by Tenant, then from and after the fifth (5th) Business Day after the date Tenant shall notify Landlord that the Premises (or such portion thereof) is unusable by Tenant by reason of the presence or remediation of Hazardous Materials and has been vacated, and as Tenant's sole remedy for such events, the Fixed Rent and Additional Rent for Operating Expenses and Taxes shall abate (on a pro rata basis) for so long as Tenant remains unable to conduct its ordinary business in all or such portion of the Premises solely by reason of the presence or remediation of Hazardous Materials. In no event shall Landlord have any liability with respect to the presence or remediation of Hazardous Materials set forth in this Section 4.05(d) except as specifically set forth in this Section 4.05(d). A fire or other casualty causing the discharge of Hazardous Materials shall not be subject to the provisions of this subsection Section 4.05 but shall be governed by the provisions of Article 7 of this Lease only.

(e) Tenant shall be entitled to a day-for-day abatement in all Rent for every day Tenant is delayed or prevented from opening, or operating, for business (whether initially or otherwise) due to the presence or remediation of Hazardous Materials.

Section 4.06 Tenant Signage; Advertising.

(a) In the event that there is signage, wall covering or any personal property of Tenant or its employees visible outside the Premises which is of an offensive nature (e.g. pornographic or obscene materials, as defined by New York State law or legally constituting hate speech), Landlord shall have the right to direct Tenant to remove such signage, wall covering or personal property or relocate it so it is no longer visible outside the Premises. Tenant shall not use, and shall cause each of its Affiliates not to use, the name or likeness of the Building or the Project in any advertising (by whatever medium) without Landlord's consent except in connection with indicating the address of the Premises. Notwithstanding anything to the contrary contained herein, Tenant shall be entitled to install and maintain (at Tenant's sole cost and expense subject to the terms of this Lease) Tenant identification signage located (x) in the elevator lobby on each full floor of the Premises (and a proportionate share of elevator lobby signage on partial floors of the Premises), (y) on each entrance door to the Premises, and (z) within the Premises to the extent such signage is not visible to the public from the street level outside the Premises, subject in each case of items (x) and (y) and to Landlord's prior approval as to size, installation, color and materials, which approval shall not be unreasonably withheld, conditioned or delayed. The signage installed by Tenant shall be maintained in good condition by Tenant, at Tenant's sole cost and expense. On or prior to the Expiration Date, Tenant shall, at Tenant's sole cost and expense, (i) promptly remove all logos, lettering or other signage installed or displayed by Tenant, with such work performed by contractors reasonably approved by Landlord, and (ii) promptly repair in a good and workmanlike manner in conformity with Laws

and all applicable provisions of this Lease, all damage to the Building caused by such removal, with such work performed by contractors reasonably approved by Landlord.

(b) Tenant shall be permitted at no additional cost, a pro rata apportionment of listings in any lobby directory, which may be installed by Landlord in its sole discretion.

(c) For so long as Peloton Interactive, Inc. and/or its Affiliates (individually and collectively, the **"Named Tenant")** leases at least 250,000 rentable square feet and is not marketing space in the Building which would, when aggregated with the space then being subleased by Tenant, constitute more than 25% of the Premises, (such Tenant identity and actual occupancy requirement being herein called the **"Named Tenant Requirement"),** the Named Tenant shall have the right to (i) maintain a single sign identifying Tenant (herein called the **"Signs")** on each of the two exterior locations on the southeast corner of the Building (i.e., one location facing 34th Street on Ninth Avenue and one location facing Ninth Avenue on 34th Street) shown on Exhibit N, (ii) maintain a sign identifying Tenant on the low rise elevator bank as shown on Exhibit N-3, and (iii) maintain a single sign identifying Tenant on the exterior of the Building immediately adjacent to the ground floor lobby entrance to the Building (herein called the **"Ground Floor Sign").** Tenant's Signs shall be reasonably consistent with the size, font, materials and colors, and shall be located as, shown on Exhibit N annexed hereto. The Ground Floor Sign shall be reasonably consistent with the size, font, materials and colors, and shall be located as, shown on Exhibit N-1 annexed hereto. Tenant shall not install Tenant's Signs or a Ground Floor Sign which is inconsistent with Exhibits N or Exhibit N-1 without Landlord's prior approval, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Tenant shall have the right to assign its rights under this subsection 4.06(c) to the Signs and the Ground Floor Sign to a subtenant acceptable to Landlord, in Landlord's sole discretion, provided such subtenant (i) subleases at least 250,000 rentable square feet of the Premises and is not marketing space in the Premises for sub-sublease which would, when aggregated with the space then being sub-subleased by such Subtenant within the Premises, constitute more than 25% of the premises subleased to such Subtenant, and (ii) shall assume all of the Tenant's obligations set forth in this Lease with respect to the installation, maintenance and removal of the Signs and the Ground Floor Sign. Tenant agrees that Landlord shall have approval of the size, font and colors and materials utilized in such subtenant's signage which it may give or withhold in its sole discretion.

(d) For so long as the Tenant meets the Named Tenant Requirement, no tenant whose primary business is providing co-working space and which leases less space in the Building than Tenant, shall have or be granted the right to have signage on the exterior of the Building or within the Building, (except on any Building directory, in said tenant's leased premises, and in the elevator lobby on the floor(s) of said tenant's leased premises). Notwithstanding the foregoing, (i) a tenant of retail space which is in the primary business of providing co-working space (a **"Co Working Entity")** may be permitted signage within their space and/or at the door of their premises and on the retail exterior sign band for the Building and (ii) a tenant whose primary business is providing co-working space which leases more space in the Building than Tenant shall have the right to have signage in the locations shown on Exhibit N-2 annexed hereto. Notwithstanding the foregoing, Tenant agrees that the tenant or operator of the Amenity Space may be a Co Working Entity and there may be Signage containing Landlord's designated name or brand and the name of the Co Working Entity (e.g.

"Hudson Commons Conference Center, operated by Co Working Entity") on the exterior of the Amenity Space.

(e) For so long as the Tenant meets the Named Tenant Requirement, Landlord will not permit any tenant leasing less space in the Building than Tenant to have more prominent signage than Tenant on the exterior of the Building or within the lobby of the Building (including, without limitation, any Signs or Ground Floor Signs(s)).

(f) From time to time, Tenant shall be permitted to install additional temporary signage in the lobby of the Building to direct participants in special events sponsored by Tenant to the Premises, provided that prior to installation, such signage shall be submitted to Landlord for Landlord's reasonable approval.

(g) Notwithstanding the forgoing, for the purposes of this subsection 4.06, during the period from the Commencement Date through December 31, 2023 (and only during such period), the Named Tenant Requirement shall be that Peloton Interactive, Inc. and/or its Affiliates lease at least 250,000 rentable square feet, is not leasing or marketing to sublease any space on the 9th or 10th floors of the Building and is not marketing to sublease space in the Premises which would when aggregated with space then being subleased by Tenant, constitute more than two full floors on the fourth (4th) through eighth (8th)floors of the Building.

Section 4.07 Right to Perform Tenant Covenants. If Tenant fails to perform any of its obligations under this Lease, Landlord, any Superior Lessor or any Superior Mortgagee (each, a **"Curing Party")** may perform the same at the expense of Tenant (a) immediately and without notice in the case of emergency, or in case such failure materially interferes with the operation of the Building or would result in a violation of any Law or cancellation of any insurance policy maintained by Landlord, or (b) in case such failure unreasonably interferes with the use of space by any other tenant in the Building, Tenant fails to commence cure such failure within two (2) Business Days following its receipt of notice from Landlord, specifying such failure (written or oral) and, and (c) in any other case if such failure continues beyond applicable notice, grace and cure periods. If a Curing Party performs any of Tenant's obligations under this Lease, Tenant shall pay to Landlord (as Additional Rent) the actual, reasonable, out-of-pocket costs thereof, together with Interest at the Interest Rate from the date incurred by the Curing Party until paid by Tenant, within thirty (30) days after receipt by Tenant of a statement as to the amounts of such costs together with reasonably supporting documentation. If the Curing Party effects such cure by bonding any lien which Tenant is required to bond or otherwise discharge, Tenant shall obtain and substitute a bond for the Curing Party's bond and shall reimburse the Curing Party for the actual reasonable, out-of-pocket cost of the Curing Party's bond.

ARTICLE 5
ASSIGNMENT AND SUBLETTING

Section 5.01 Restrictions on Assignment and Subletting.

(a) Except as expressly permitted under this Article 5, neither this Lease nor the term and estate hereby granted, nor any part hereof or thereof, shall be assigned, mortgaged, pledged, encumbered or otherwise transferred voluntarily, involuntarily, by operation of law or

otherwise, and neither the Premises, nor any part thereof, shall be subleased, be licensed, be used or occupied by any person or entity other than Tenant or be encumbered in any manner by Tenant, without the prior written consent of Landlord, not to be unreasonably withheld, conditioned or delayed. Subject to Section 5.01(a) and Section 5.0l(c) hereof, the dissolution or direct or indirect transfer of a majority of the ownership interests which results in a change of control of, Tenant (however accomplished including, by way of example, the admission of new partners or members or withdrawal of existing partners or members, or transfers of interests in distributions of profits or losses of Tenant, issuance of additional stock, redemption of stock, stock voting agreement, or change in classes of stock) shall be deemed an assignment of this Lease regardless of whether the transfer is made by one or more transactions, or whether one or more persons or entities hold the controlling interest prior to the transfer or afterwards. An agreement under which another person or entity becomes responsible for all or a portion of Tenant's obligations under this Lease shall be deemed an assignment of this Lease. No assignment or other transfer of this Lease and the term and estate hereby granted, and no subletting of all or any portion of the Premises shall relieve Tenant of its liability under this Lease or of the obligation to obtain Landlord's prior consent to any further assignment, other transfer or subletting (to the extent such consent is required hereunder). Any attempt to assign this Lease or sublet all or any portion of the Premises in violation of this Article 5 shall be null and void, and no rents or other sums receivable by Tenant under any sublease of all or any part of the Premises shall be assigned or otherwise encumbered, without the prior written consent of Landlord.

(b) Notwithstanding Section 5.01(a), without the requirement of obtaining the consent of Landlord and without being deemed a right of first offer pursuant to Section 5.02 hereof and without any requirement to pay any profit to Landlord in connection therewith pursuant to Section 5.05 hereof, this Lease may be assigned to, and/or all or any part of the Premises may be subleased to, licensed to, or permitted to be used by (i) an entity created by merger, reorganization, recapitalization, of or with Tenant or other similar transaction in accordance with applicable statutory provisions or (ii) a purchaser of all or substantially all of Tenant's assets or all of Tenant's equity interests (each such "entity" or "purchaser" being a **"Successor");** provided, in the case of both clause (i) and clause (ii), that (A) Landlord shall have received written notice of such transaction from Tenant within ten (10) Business Days following the consummation thereof, (B) in connection with an actual assignment of this Lease, the assignee assumes by a written instrument reasonable acceptable to Landlord, all of Tenant's obligations under this Lease, as applicable, (C) such transaction is for a valid business purpose and not to avoid any obligations under this Lease, and (D) the assignee is a reputable entity who shall have, immediately after giving effect to such assignment, an aggregate net worth (computed in accordance with GAAP) at least equal to $623,678,000.00 **("Minimum Net Worth"),** which is the aggregate net worth of Tenant on the Effective Date hereof, if the assignee is a Successor of Tenant.

(c) Notwithstanding Section 5.0l(a) or any other provision herein, Landlord's consent shall not be required with respect to (i) an assignment resulting from a consolidation, merger or purchase of substantially all of Tenant's assets, or the assets of the business unit occupying the space, (ii) any assignment or sublease to a Parent or Affiliate, (iii) any firm which acquires, is acquired by, or merges with, Tenant, or the assets of the business unit occupying the space, (iv) the issuance (or sale or transfer) of ownership interests in Tenant or an

Affiliate pursuant to an initial public offering, debt offering or a private placement, or (v) in connection with the sale, or transfer (including a change of control) of Tenant or a Parent (whether directly or indirectly) provided that in each of the foregoing cases, other than clause (iv) with respect to the issuance (or sale or transfer) of ownership interests in Tenant or an Affiliate pursuant to an initial public offering, the assignee of the Lease or the resulting entity shall have a net worth at least equal to the Minimum Net Worth and provided that (1) Landlord shall have received seven (7) days' prior written notice of such assignment or sublease from Tenant; and (2) the assignment or sublease or other transaction, as applicable, is for a valid business purpose and not to avoid any obligations under this Lease; and (3) in the case of any such assignment, the assignee assumes by a written instrument reasonably acceptable to Landlord, all of Tenant's obligations under this Lease from the Commencement Date; and (4) such assignee at all times during the remainder of the Term remains an Affiliate of Tenant named herein, that in each case such transfer or other transaction is for a valid business purpose and not principally for the purpose of transferring the interest of Tenant under the Lease. Any assignment or transaction which is permitted pursuant to this Section 5.01(c) without Landlord's consent shall be hereinafter called a **"Permitted Transaction".** Section 5.02 and Section 5.05 shall not apply to Permitted Transactions provided that Tenant shall comply with the provisions of clauses (1) through (4) above. For the purposes of this Lease, **"Affiliate"** shall mean, as to any designated person or entity, (i) any other person or entity which wholly owns Tenant or who wholly owns the entity which wholly owns Tenant (herein, sometimes called a **"Parent"),** or (ii) any person entity which is wholly owned by Tenant, a Parent, or an entity which is wholly owned by Tenant or a Parent. Tenant agrees that notwithstanding any language to the contrary in the Lease or the Exhibits annexed hereto, (I) there shall be no reduction in the Security Deposit during the thirty (30) consecutive day period following the issuance (or sale or transfer) of ownership interests in Tenant or an Affiliate pursuant to an initial public offering **("IPO")** and (ii) if the IPO of Tenant or an Affiliate results in a Tenant whose outstanding shares at any time during the thirty (30) consecutive day period following the IPO shall have a total dollar market value below Two Billion Dollars ($2,000,000,000) (the **"Minimum Market Cap"),** there shall be no reduction in the Security Deposit and Tenant shall increase the amount of the Security Deposit pursuant to Article 10 hereof by way of a modification of the Letter of Credit, by an amount equal to 150% of the then Fixed Rent for the Premises, for the month in which the decrease in the market value occurred (the **"Additional Security").** The Additional Security may be retained by Landlord in accordance with the provisions of Article 10 hereof for twelve (12) consecutive months following the IPO. If Tenant reaches the Minimum Market Cap on or after the expiration of such twelve (12) month period and maintains it for six (6) consecutive months, the Security Deposit shall be reduced in accordance with Article 10. If Tenant achieves and maintains the Minimum Market Cap during the thirty (30) consecutive day period following the IPO, then the amount of the Security Deposit shall reduce in accordance with the provisions of Article 10.

Section 5.02 Landlord's Right of First Offer; Recapture Right.

(a) If Tenant desires to (x) assign this Lease, or (y) sublet all or substantially all of the Premises, or part of the Premises, for all or substantially all of the balance of the Term, Tenant shall give to Landlord notice **("Tenant's Offer Notice")** thereof, specifying (i) in the case of a proposed subletting, the location of the space to be sublet and the term of the subletting of such space, (ii) (A) in the case of a proposed assignment, Tenant's good faith offer of the

consideration Tenant desires to receive or pay for such assignment or (B) in the case of a proposed subletting, Tenant's good faith offer of the fixed annual rent which Tenant desires to receive for such proposed subletting, the base years/amounts for escalation payments and the economic terms of any other additional rent payments, (iii) the proposed assignment or sublease commencement date, and (iv) all of the other material terms of such proposed assignment or sublease.

(b) Tenant's Offer Notice shall be deemed an offer from Tenant to Landlord whereby Landlord (or Landlord's designee) may, at Landlord's option, (i) terminate this Lease (if the proposed transaction is an assignment or a sublease of all or substantially all of the Premises), or (ii) terminate this Lease with respect to the space covered by the proposed sublease (if the proposed transaction is a sublease of part of the Premises). Said option may only be exercised by Landlord by notice to Tenant within twenty (20) Business Days after a Tenant's Offer Notice, together with all information required pursuant to Section 5.02(a), has been given by Tenant to Landlord.

(c) If Landlord exercises its option under Section 5.02(b)(i) to terminate this Lease, then this Lease shall terminate on the proposed assignment or sublease commencement date specified in the applicable Tenant's Offer Notice and all Rent shall be paid and apportioned to such date and neither party shall have any further obligations to the other party, except with respect to any obligations expressly stated to survive the Expiration Date, and the restoration obligations of Tenant and the obligations of Landlord with respect to the Security Deposit shall apply as if such termination date of the Lease were the Expiration Date.

(d) Intentionally Omitted.

(e) If Landlord exercises its option under Section 5.02(b)(ii) to terminate this Lease with respect to the space covered by a proposed sublease, then (i) this Lease shall terminate with respect to such part of the Premises on the effective date of the proposed sublease; (ii) from and after such date the Rent and security deposit submitted hereunder shall be adjusted, based upon the proportion that the rentable area of the Premises remaining bears to the total rentable area of the Premises; and (iii) Tenant shall pay to Landlord, promptly following Landlord's written demand, the actual, reasonable, out-of-pocket costs incurred by Landlord in demising separately such part of the Premises and in complying with any Laws relating to such demise.

(f) Nothing contained in this Section 5.02 shall give Tenant any right to assign this Lease or sublet all or any part of the Premises or enter into any other Transfer (as defined in Section 5.03(a) below) and the same shall require Landlord's consent to the extent required pursuant to Section 5.01.

Section 5.03 Assignment and Subletting Procedures.

(a) If (y) Tenant delivers to Landlord a Tenant's Offer Notice with respect to any proposed assignment of this Lease or subletting of the Premises (as set forth in Section 5.02(a)), and related to such Tenant's Offer Notice, (i) Landlord shall have elected not to exercise its right of first offer under Section 5.02, or the twenty (20) Business Day period within

which Landlord must exercise its right of first offer under Section 5.02 shall have elapsed; and (ii) Tenant intends to assign this Lease or sublease the Premises or consummate any other transaction prohibited under Section 5.01 (each a **"Transfer"),** or (z) Tenant intends to assign this Lease or sublease the Premises or consummate any other Transfer with respect to which Landlord's right of first offer under Section 5.02 shall not be applicable, then in each of such events, Tenant shall send Landlord a notice of such intention (a **"Transfer Notice"),** which notice shall be accompanied by (i) a copy of the proposed Transfer and all related agreements, the effective date of which shall be at least twenty (20) Business Days after the giving of the Transfer Notice, (ii) a statement setting forth in reasonable detail the identity of the proposed assignee or subtenant or other party to the Transfer, including, without limitation, its most recent financial statement along with a Good Standing Certificate of the entity, if applicable the nature of its business and its proposed use of the Premises, (iii) current financial information with respect to the proposed assignee or subtenant or other party to the Transfer, and (iv) such other information as Landlord may reasonably request. If (I) Landlord does not timely exercise its option under Section 5.02 with respect to Tenant's Offer Notice relating to such Transfer, or (II) Landlord's right of first offer under Section 5.02 shall not be applicable, then, in each event, Landlord's consent to the proposed Transfer shall not be unreasonably withheld, conditioned or delayed provided that:

(i) To the extent the terms of Section 5.02 shall be applicable with respect to such Transfer, such Transfer Notice shall be delivered to Landlord within nine (9) months after the delivery to Landlord of the applicable Tenant's Offer Notice, failing which Tenant shall be obligated to again comply with the provisions of Section 5.02. For the avoidance of doubt, (i) Tenant may send a Transfer Notice simultaneously with the Tenant's Offer Notice to which it relates and (ii) the twenty (20) Business Day period set forth in Section 5.01(b) may run concurrently with the twenty (20) Business Day period set forth below in this Section 5.04(i).

(ii) In Landlord's reasonable judgment the proposed assignee or subtenant will use the Premises in a manner that (1) is in keeping with the then standards of the Building, and (2) is limited to general and executive offices and the ancillary uses thereto permitted by this Lease.

(iii) The proposed assignee or subtenant is, in Landlord's reasonable judgment, a reputable person or entity and with sufficient financial worth considering the responsibility involved.

(iv) If Landlord has comparable space available or coming available in the next six (6) months, neither the proposed assignee or sublessee, is then an occupant of any part of the Building.

(v) If Landlord has comparable space available or coming available in the next six (6) months, the proposed assignee or sublessee is not a person with whom Landlord is then negotiating or has within the prior six (6) months negotiated to lease space in the Building.

(vi) The form of the proposed assignment or sublease shall comply with the applicable provisions of this Article 5 and be subject to Landlord's approval, which shall not be unreasonably withheld or delayed.

(vii) There shall not be more than two (2) subtenants per floor of the Premises or ten (10) subtenants in the aggregate in the Premises, at any given time.

(viii) Tenant shall reimburse Landlord, promptly following Landlord's written demand, as Additional Rent, for any reasonable out of pocket costs incurred by Landlord in connection with said assignment or sublease, including, without limitation, the costs of making investigations as to the acceptability of the proposed assignee or subtenant, and legal costs incurred in connection with the granting of any requested consent.

(ix) The assignment or sublease shall not permit further assignments or subleases from assignee or subtenant except in compliance with this Article 5.

(b) If Landlord consents to a proposed assignment or sublease and Tenant fails to execute and deliver the assignment or sublease to which Landlord consented within one hundred twenty (120) days after the giving of such consent, then Tenant shall again comply with this Article 5 before assigning this Lease or subletting all or part of the Premises.

Section 5.04 General Provisions.

(a) If this Lease is assigned, whether or not in violation of this Lease, Landlord may collect rent from the assignee. If the Premises or any part thereof are sublet or occupied by any person or entity other than Tenant, whether or not in violation of this Lease, Landlord may, after default by Tenant, and expiration of Tenant's time to cure such default as set forth in this Lease, collect rent from the subtenant or occupant so long as such default remains uncured. In either event, Landlord may apply the net amount collected against Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of Section 5.01(a), or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the performance of Tenant's obligations under this Lease.

(b) No assignment of this Lease or other Transfer shall be effective until the assignee delivers to Landlord (i) evidence that the assignee, as Tenant hereunder, has complied with the requirements of Section 7.02 and Section 7.03, and (ii) agreement in form and substance approved by Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed, pursuant to which the assignee assumes Tenant's obligations under this Lease accruing from and after the date of assignment or in the case of an assignment to an Affiliate or Successor, from and after the Commencement Date.

(c) Notwithstanding any assignment of this Lease or the acceptance of any Rent by Landlord from an assignee, transferee, or any other party, the Named Tenant and each successor Tenant shall remain fully liable for the payment of the Rent and the performance of all of Tenant's other obligations under this Lease. The joint and several liability of Tenant and any immediate or remote successor-in interest of Tenant shall not be discharged, released or impaired in any respect by any agreement made by Landlord extending the time to perform, or otherwise

modifying, any of the obligations of Tenant under this Lease, or by any waiver or failure of Landlord to enforce any of the obligations of Tenant under this Lease.

(d) Each subletting by Tenant shall be subject to the following:

(i) No subletting shall be for a term (including any renewal or extension options contained in the sublease) ending later than one day prior to the Expiration Date and no subletting shall commence during the final twelve (12) months of the Term.

(ii) No sublease shall be valid, and no subtenant shall take possession of the Premises or any part thereof, until there has been delivered to Landlord, both (A) an executed counterpart of such sublease, and (B) a certificate of insurance evidencing that (x) Landlord is an additional insured under the insurance policies required to be maintained by occupants of the Premises pursuant to clauses (i) and (iv) of Section 7.02(a), and (y) there is in full force and effect, the insurance otherwise required by Section 7.02.

(iii) Each sublease shall provide, among other things, that it is subject and subordinate to this Lease, and that in the event of termination, reentry or dispossess by Landlord under this Lease Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublessor, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be liable for, subject to or bound by any item of the type that a Successor Landlord is not so liable for, subject to or bound by in the case of an attornment by Tenant to a Successor Landlord under Section 6.01(a).

(e) Each assignment and sublease shall, among other things, provide that the subtenant may not assign its rights thereunder or further sublet the space demised under the sublease, in whole or in part except in compliance with this Article 5.

(f) Tenant shall not publicly advertise the availability of the Premises or any portion thereof as sublet space or by way of an assignment of this Lease, without first obtaining Landlord's consent which shall be granted or denied in Landlord's sole discretion, provided however Tenant may list the availability of the Premises with brokers without Landlord's consent.

(g) The listing of any name other than that of Tenant, whether on the door of the Premises, the building directory or otherwise, shall not be deemed to vest any right or interest in the named party in this Lease or the Premises nor shall it be deemed Landlord's consent to any assignment of this Lease, sublease of the Premises, or to the use or occupancy thereof by others.

(h) Any then-existing guarantor shall deliver to Landlord such agreements as Landlord may reasonably require confirming such guarantor's continuing liability under its guaranty of this Lease, but no failure to execute or deliver such documents shall impair such guarantor's continuing liability under such guaranty in accordance with the terms of such guaranty.

(i) Landlord shall respond to a Transfer Notice by either granting or denying consent to the proposed Transfer contained therein. In the event that Landlord does not respond to a request by Tenant to a consent to an assignment or sublease or other Transfer by either granting or denying such consent within twenty (20) days of receipt of Tenant's request therefor, Tenant shall have the right to give a second notice to Landlord requesting such consent, and if Landlord does not respond to such second notice within five (5) Business Days after receipt of same by either granting or denying such consent, Landlord shall be deemed to have disapproved such request.

Section 5.05 Assignment and Sublease Profits.

(a) Other than in connection with a Permitted Transaction, if the aggregate of the amounts payable as fixed rent and as additional rent on account of Taxes, Operating Expenses and electricity by a subtenant under a sublease of any part of the Premises and the amount of any Other Sublease Consideration payable to Tenant by such subtenant, whether received in a lump-sum payment or otherwise shall be in excess of Tenant's Basic Cost therefor at that time then, promptly after the collection thereof, Tenant shall pay to Landlord in monthly installments as and when collected, as Additional Rent, 50% of such excess. Tenant shall deliver to Landlord within sixty (60) days after the end of each calendar year and within sixty (60) days after the Expiration Date a statement specifying each sublease in effect during such calendar year or partial calendar year, the rentable area demised thereby, the term thereof and a computation in reasonable detail showing the calculation of the amounts paid and payable by the subtenant to Tenant, and by Tenant to Landlord, with respect to such sublease for the period covered by such statement. "**Tenant's Basic Cost**" for sublet space at any time means the sum of (i) the portion of the Fixed Rent, Tax Payments, Operating Payments and any other charge which is attributable to the sublet space for the sublease term, plus (ii) the amount payable by Tenant on account of electricity in respect of the sublet space, plus (iii) the amount of any costs reasonably incurred by Tenant to prepare the sublet space for the occupancy of the subtenant or granted as a work allowance or free rent, plus (iv) the amount of any reasonable brokerage commissions, reasonable legal fees and any other customary fees, expenses and concessions actually paid by Tenant in connection with the sublease. "**Other Sublease Consideration**" means all sums paid for the furnishing of services by Tenant and the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns.

(b) Other than in connection with an assignment pursuant to Sections 5.01(a) and 5.01(c), upon any assignment of this Lease (or otherwise as and when collected pursuant to the terms of such assignment), Tenant shall pay to Landlord 50% of the Assignment Consideration received by Tenant for such assignment, after deducting therefrom the amount of any reasonable brokerage commissions and, reasonable legal fees and any other customary fees, expenses and/or concessions actually paid by Tenant in connection with the assignment. "**Assignment Consideration**" means an amount equal to all sums and other consideration paid to Tenant by the assignee for or by reason of such assignment (including, without limitation, sums paid for the furnishing of services by Tenant) and the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof, determined on the basis of Tenant's federal income tax returns).

Section 5.06 Service Entities. Tenant shall have the right, without Landlord's consent or right of recapture hereof, hereof, to permit portions of the Premises not to exceed twenty (20%) percent of the Premises, to be occupied by "Service Entities" (as hereinafter defined) pursuant to so-called "desk-sharing arrangements". Tenant shall notify Landlord of any such desk sharing arrangement that results in a profit to Tenant in accordance with the terms and conditions of Section 5.06 hereof and Tenant shall respond to inquiries made by Landlord from time to time as to desk sharing arrangements that are then in effect. All acts, omissions and operations of Service Entities shall be deemed acts, omissions and operations of Tenant solely with respect to Tenant's obligations to Landlord under this Lease. "**Service Entities**" shall mean (i) persons or entities which are engaged as a material portion of their business in providing services to Tenant in connection with the customary conduct of Tenant's business at the Premises or otherwise have a substantial ongoing business relationship with Tenant; (ii) persons or entities with which Tenant has entered into outsourcing arrangements for the conduct of certain functions at the Premises which are permitted by this Lease (for example, mailroom, data center, medical office, cafeteria and other special purpose functions permitted by this Lease); (iii) person or entities operating a family office related to holders of equity interests in Tenant; and (iv) persons or entities operating a not-for-profit organization; provided that persons or entities occupying pursuant to clauses (iii) and (iv) above shall not occupy in the aggregate more than 25,000 rentable square feet in the Premises.

Section 5.07 Eligible Subtenant. Notwithstanding anything to the contrary set forth in this Lease, including, without limitation, Section 5.04(d)(iii), Landlord shall, within ten (10) Business Days after Tenant's request, accompanied by an executed counterpart of an "Eligible Sublease" (as hereinafter defined), deliver to the subtenant under an Eligible Sublease (herein called an "**Eligible Subtenant**") a Recognition Agreement on Landlord's then standard form therefore with such negotiated revisions as may be reasonably acceptable to the Eligible Subtenant, Tenant and Landlord. For purposes hereof, the term "**Eligible Sublease**" shall mean a direct sublease:

(a) between Tenant and an Eligible Subtenant which (1) has a net worth, computed in accordance with GAAP, equal to or greater than the product of (X) the annual Fixed Rent and Recurring Additional Charges then payable by Tenant on account of the portion of the Premises demised under the Eligible Sublease, and (Y) twenty five (25), and Landlord has been provided with proof thereof reasonably satisfactory to Landlord or (2) if such Eligible Subtenant does not satisfy the aforementioned net worth test, provides to Landlord a letter of credit (in a form reasonably satisfactory to Landlord) as security for said Eligible Subtenant's obligations under the Eligible Sublease upon an attornment to Landlord, in an amount equal to two (2) years' then-current Lease Rent (as defined below),

(b) that has been consented to by Landlord and meets all of the applicable requirements of this Article 5; and

(c) which demises at least one full floor with an initial sublease term (i.e., not including any renewals) of not less than five (5) years and is coterminous with all other Eligible Subleases with respect to which a Recognition Agreement has been issued by the Landlord, and

(d) which provides for a rental rate, on a per rentable square foot basis (including fixed rent and additional charges on account of Taxes, Operating Expenses and electricity) which (after taking into account all rent concessions provided for therein) is equal to or in excess of the Fixed Rent and Additional Rent pursuant to this Lease for the term of the sublease (herein called the "**Lease Rent**").

ARTICLE 6
SUBORDINATION; DEFAULT; INDEMNITY

Section 6.01 Subordination.

(a) This Lease is subject and subordinate to each mortgage and each underlying lease which may now or hereafter affect all or any portion of the Project or any interest therein and to any amendment, modification, supplement, consolidation, renewal or extension thereof. provided that such subordination of this Lease and Tenant's rights hereunder to any future lease or mortgage shall be conditioned upon Tenant's receipt of a fully executed Subordination, Non-disturbance and Attornment Agreement ("**SNDA**") between Tenant and the holder of any such future lease or mortgage on the then customary form of such holder, which form shall in all events expressly recognize Tenant's offset right with respect to any unfunded Tenant improvement allowance funds pursuant to this Lease. In confirmation of any subordination of this Lease, Tenant shall promptly execute, acknowledge and deliver any instrument, that Landlord, the lessor under any such lease or the holder of any such mortgage or any of their respective successors in interest may reasonably request to evidence such subordination. Any lease to which this Lease is, at the time referred to, subject and subordinate is herein called a "**Superior Lease**" and the lessor of a Superior Lease or its successor in interest, at the time referred to, is herein called a "**Superior Lessor**"; and any mortgage to which this Lease is, at the time referred to, subject and subordinate is herein called "**Superior Mortgage**" and the holder of a Superior Mortgage is herein called a "**Superior Mortgagee**". Tenant shall execute any amendment of this Lease reasonably requested by a Superior Mortgagee or a Superior Lessor, provided such amendment shall not (A) reduce or extend the Term, (B) increase the Rent, (C) reduce the area of the Premises, (D) result in an increase in Tenant's obligations or an increase in the rights of any Landlord, Superior Lessor or Superior Mortgagee under this Lease except in each instance to a de minimis extent, or (E) a reduction in the rights of Tenant or the obligations of any Landlord, Superior Lessor or Superior Mortgagee under this Lease, except to a de minimis extent. In the event of the enforcement by a Superior Mortgagee of the remedies provided for by law or by such Superior Mortgage, or in the event of the termination or expiration of a Superior Lease, Tenant, upon request of such Superior Mortgagee, Superior Lessor or any person succeeding to the interest of such mortgagee or lessor (each, a "**Successor Landlord**"), shall automatically become the tenant of such Successor Landlord without change in the terms or provisions of this Lease (it being understood that Tenant shall, if requested, enter into a new lease on terms identical to those in this Lease); provided, that subject to the terms of any superseding SNDA, any Successor Landlord shall not be (i) except for defaults of a continuing nature which continue after the date Tenant becomes the tenant of the Successor Landlord, liable for any act, omission or default of any prior landlord (including, without

limitation, Landlord); (ii) liable for the return of any monies paid to or on deposit with any prior landlord (including, without limitation, Landlord), except to the extent such monies or deposits are delivered to such Successor Landlord; (iii) subject to any offset, or claims or defense that Tenant might have against any prior landlord (including, without limitation, Landlord); (iv) bound by any Rent which Tenant might have paid for more than the current month or other relevant payment period to any prior landlord (including, without limitation, Landlord) unless actually received by such Successor Landlord and/or such payment shall have been approved by such Successor Landlord in writing; (v) bound by any covenant to perform or complete any construction in connection with the Project or the Premises or to pay any sums to Tenant in connection therewith; or (vi) bound by an amendment, modification, abridgment, cancellation or surrender of, this Lease made without the consent of such Successor Landlord. Promptly following written request by such Successor Landlord, Tenant shall execute and deliver an instrument or instruments, reasonably requested by such Successor Landlord, confirming the attornment provided for herein, but no such instrument shall be necessary to make such attornment effective.

(b) If Tenant intends to terminate this Lease on the basis of a Landlord default (other than with respect to express termination rights under this Lease), Tenant shall give each Superior Mortgagee and each Superior Lessor a copy of any notice of default served upon Landlord on the basis of which default Tenant is entitled to terminate this Lease (excluding any express termination rights under this Lease), provided that Tenant has been notified of the address of such Superior Mortgagee or Superior Lessor. If Landlord fails to cure any default as to which Tenant is obligated to give notice pursuant to the preceding sentence within the time provided for in this Lease, then each such Superior Mortgagee or Superior Lessor shall have an additional ninety (90) days after receipt of such notice within which to cure such default or if such default cannot be cured within that time, then such additional time as may be reasonably necessary if, within such ninety (90) days, any such Superior Mortgagee or Superior Lessor has commenced and is diligently pursuing the remedies necessary to cure such default (including, without limitation, commencement of foreclosure proceedings or eviction proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated on the basis of such default (other than with respect to express termination rights under this Lease) while such remedies are being so diligently pursued. Nothing herein shall be deemed to imply that Tenant has any right to terminate this Lease or any other right or remedy, except as may be otherwise expressly provided for in this Lease.

(c) Landlord represents and warrants that, as of the Effective Date, there are no Superior Mortgagees or Superior Lessors or other holders of instruments encumbering the Building other than Apollo Commercial Real Estate Finance. Landlord shall promptly after the date hereof provide to Tenant the Apollo SNDA in the form annexed as Exhibit J.

Section 6.02 Estoppel Certificate. Tenant agrees, at any time from time to time, within ten (10) Business Days after Tenant receives notice from Landlord, to execute and deliver to Landlord, or Landlord's designee, an estoppel certificate reasonably requested by Landlord, stating that 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), certifying the Commencement Date, Expiration Date and the dates to which the Fixed Rent and Additional Rent have been paid and stating whether or not, to Tenant's actual knowledge,

Landlord is in default in performance of any of its obligations under this Lease, and, if so, specifying each such default, it being intended that any such statement shall be deemed a representation and warranty to be relied upon by the party to whom such statement is addressed (including, without limitation, any prospective purchaser or mortgagee of any portion of the Project that includes the Premises or any prospective assignee of any such mortgagee). Tenant also shall include or confirm in any such statement such other information concerning this Lease as Landlord, Superior Mortgagee or Superior Lessor may reasonably request.

Section 6.03 Default. This Lease and the term and estate hereby granted are subject to the limitation that (each, an "**Event of Default**"):

(a) if Tenant defaults in the payment of any Rent and such default continues for seven (7) Business Days after Landlord gives to Tenant a written notice specifying such default (provided that the foregoing notice and grace period shall not apply with respect to payments of Fixed Rent or recurring Additional Rent hereof in the event Landlord has properly sent one (1) notice of failure to pay any Fixed Rent or recurring Additional Rent hereof when due in any twelve (12) month period), or

(b) if Tenant defaults in the keeping, observance or performance of any covenant or agreement (other than a default of the character referred to in Section 6.03(a), (c), (d), (e), (f), (g) or (h)), and if such default continues and is not cured within thirty (30) days after Landlord gives to Tenant a written notice specifying the same, or, in the case of a default which for causes beyond Tenant's reasonable control cannot with due diligence be cured within such period of 30 days, if Tenant shall not promptly following Tenant's receipt of such notice, (i) advise Landlord of Tenant's intention duly to institute all steps necessary to cure such default and (ii) commence to institute and thereafter diligently prosecute to completion all steps necessary to cure the same, or

(c) if this Lease or the estate hereby granted would, by operation of law or otherwise, devolve upon or pass to any person or entity other than Tenant, except as expressly permitted by Article 5 and the same is not cured within five (5) Business Days after Landlord gives to Tenant a written notice specifying the same, or

(d) To the extent permitted by applicable Law, this Lease and the term and estate hereby granted are subject to the limitation that whenever Tenant or any then-exiting guarantor shall make an assignment of all or substantially all of the property of Tenant or such guarantor for the benefit of creditors, or shall file a voluntary petition under any bankruptcy or insolvency law, or an involuntary petition alleging an act of bankruptcy or insolvency shall be filed against Tenant or such guarantor under any bankruptcy or insolvency law, or whenever a petition shall be filed against Tenant under the reorganization provisions of the United States Bankruptcy Act or under the provisions of any law of like import, or whenever a petition shall be filed by Tenant or such guarantor under the arrangement provisions of the United States Bankruptcy Act or under the provisions of any law of like import, or whenever a permanent receiver of Tenant or of or for the property of Tenant or such guarantor shall be appointed (each of such events, a "**Bankruptcy Event**"), then, (a) at any time after receipt of notice of the occurrence of any Bankruptcy Event, or (b) if such Bankruptcy Event occurs without the acquiescence of Tenant or such guarantor, at any time after the event continues unstayed or

discharged for ninety (90) days, Landlord may, at Landlord's sole discretion, give Tenant a notice of intention to end the Term at the expiration of five (5) days from the date of service of such notice of intention, and upon the expiration of said five (5) day period this Lease and the term and estate hereby granted, whether or not the Term shall theretofore have commenced, shall terminate with the same effect as if that day were the Expiration Date, but Tenant shall remain liable for damages as provided herein or pursuant to law, or

(e) if a default in the keeping, observance or performance of any covenant or agreement under Section 6.02 occurs and if such default continues and is not cured within five (5) Business Days after Landlord gives to Tenant a notice specifying the same, or

(f) if a default in the keeping, observance or performance of any covenant or agreement under Section 4.01(d) occurs and if such default continues and is not cured within ten (10) Business Days after Landlord gives to Tenant a notice specifying the same, or

(g) intentionally omitted, or

(h) intentionally omitted, or

(i) if Tenant fails to maintain any of the insurance required to be maintained by Tenant hereunder or to deliver certificates thereof when required hereunder, and does not cure within five (5) Business Days after Landlord gives to Tenant a notice specifying the same.

In any of such cases, in addition to any other remedies available to Landlord at law or in equity, Landlord shall be entitled to give to Tenant a notice of intention to end the Term at the expiration of five (5) Business Days from the date of the giving of such notice, and, in the event such notice is given, this Lease and the term and estate hereby granted shall terminate upon the expiration of such five (5) Business Days with the same effect as if the last of such five (5) Business Days were the Expiration Date, but Tenant shall remain liable for damages as provided herein or pursuant to law.

Section 6.04 Re-entry by Landlord. If Tenant defaults in the payment of any Rent beyond all applicable notice and cure periods, or if this Lease shall terminate as in Section 6.03 provided, Landlord or Landlord's agents and servants may immediately or, for so long as such default remains uncured prior to termination as set forth in Section 6.03, at any time thereafter re-enter into or upon the Premises, or any part thereof, either by summary dispossess proceedings or by any suitable lawful action or proceeding at law, without being liable to indictment, prosecution or damages therefor, and may repossess the same, and may remove any persons therefrom, to the end that Landlord may have, hold and enjoy the Premises, subject to the terms of any Recognition Agreement required to be issued under this Lease. The words "re-enter" and "re-entering" as used in this Lease are not restricted to their technical legal meanings. Upon such termination or re-entry, Tenant shall pay to Landlord any Rent then due and owing (in addition to any damages payable under Section 6.05).

Section 6.05 Damages. If this Lease is terminated under Section 6.03, or if Landlord re-enters the Premises under Section 6.04, Tenant shall pay to Landlord as damages, at the election of Landlord, either:

(a) a sum which, at the time of such termination, represents the then present value (using a discount rate of 6%)) of the excess, if any, of (1) the aggregate of the Fixed Rent which, had this Lease not terminated, would have been payable hereunder by Tenant for the period commencing on the day following the date of such termination or re-entry to and including the Expiration Date over (2) the aggregate fair rental value of the Premises for the same period, or

(b) sums equal to the Rent that would have been payable by Tenant through and including the Expiration Date had this Lease not terminated or had Landlord not re-entered the Premises, payable upon the due dates therefor specified in this Lease; provided, that if Landlord shall re let (without obligation to do so) all or any part of the Premises for all or any part of the period commencing on the day following the date of such termination or re-entry to and including the Expiration Date or collect any rent from Tenant's subtenants or licensees, Landlord shall credit Tenant with the net rents received by Landlord from such reletting and/or collection, such net reletting rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the actual, reasonable expenses incurred or paid by Landlord in terminating this Lease and of re-entering the Premises and of securing possession thereof, as well as the actual expenses of reletting in each case to the extent of the remainder of the Term, including, without limitation, altering and preparing the Premises for new tenants, brokers' commissions, and all other expenses properly chargeable against the Premises and the rental therefrom in connection with such reletting, it being understood that any such reletting may be for a period equal to or shorter or longer than said period; provided, further, that (i) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord under this Lease, (ii) in no event shall Tenant be entitled, in any suit for the collection of damages pursuant to this Section 6.05(b), to a credit in respect of any net rents from a reletting except to the extent that such net rents are actually received by Landlord prior to the disposition of such suit, (iii) if the Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot rentable area basis shall be made of the rent received from such reletting and of the expenses of reletting and (iv) Landlord shall have no obligation to so relet the Premises and Tenant hereby waives any right Tenant may have, at law or in equity, to require Landlord to so relet the Premises.

(c) Suit or suits for the recovery of any damages payable hereunder by Tenant, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall require Landlord to postpone suit until the date when the Term would have expired but for such termination or re-entry.

Section 6.06 Other Remedies. Nothing contained in this Lease shall be construed as limiting or precluding the recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant, except as otherwise expressly set forth in this Lease. Anything in this Lease to the contrary notwithstanding, during the continuation of any default by Tenant beyond the expiration of any applicable cure periods, Tenant shall not be entitled to receive any funds or proceeds being held under this Lease subject however to the provisions of Section 10.02 hereof. Except as otherwise expressly set forth in this Lease, the specified remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord may lawfully be

entitled, and Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not herein provided for. Notwithstanding anything to the contrary contained herein, except for in connection with any holding over by Tenant as provided in Section 6.10 hereof, in no event will Tenant be liable to Landlord for consequential, exemplary, special or punitive damages which may be incurred by Landlord under this Lease (including, without limitation, lost profits and loss of business) and in no event shall Tenant be liable for acceleration of rent, except as provided in Section 6.05(a).

Section 6.07 Right at Law and in Equity. In the event of a breach (beyond the expiration of any applicable cure period) or threatened breach by Tenant of any of its obligations under this Lease, Landlord shall also have the right of injunction. The specified remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord may lawfully be entitled, and Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not herein provided for.

Section 6.08 Certain Waivers. Tenant waives and surrenders all right and privilege that Tenant might have under or by reason of any present or future law to redeem the Premises or to have a continuance of this Lease after Tenant is dispossessed or ejected therefrom by process of law or under the terms of this Lease or after any termination of this Lease. Tenant also waives the provisions of any law relating to delay in levy of execution in case of any eviction or dispossession for nonpayment of rent, and the provisions of any successor or other law of like import. Landlord and Tenant each waive trial by jury in any action **in** connection with this Lease.

Section 6.09 No Waiver. Except as otherwise expressly set forth in this Lease, failure by either party to declare any default immediately upon its occurrence or delay in taking any action in connection with such default shall not waive such default but such party shall have the right to declare any such default at any time thereafter. Any amounts paid by either party ("**Paying Party**") to the other party ("**Receiving Party**") may be applied by the Receiving Party, to any items then owing by the Paying Party to the Receiving Party under this Lease. Tender by the Paying Party and receipt by the Receiving Party of a partial payment shall not be deemed to be an accord and satisfaction (notwithstanding any endorsement or statement on any check or any letter accompanying any check or payment) nor shall tender constitute a waiver by the Paying Party of the Paying Party's dispute as to its obligations to make payment nor shall such receipt constitute a waiver by the Receiving Party of the Paying Party's obligation to make full payment. Except in connection with express Tenant termination rights under this Lease, no act or thing done by Landlord or its agents shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord and by each Superior Lessor and Superior Mortgagee whose lease or mortgage provides that any such surrender may not be accepted without its consent.

Section 6.10 Holding Over. If Tenant holds over in the Premises without the consent of Landlord after the Expiration Date, the parties herby agree that Tenant's occupancy of the Premises after the expiration of the term shall be under a month to month tenancy commencing on the first day after the expiration of the applicable term, which tenancy shall be upon all of the terms set forth in the Lease except that (a) Tenant shall pay for each month or portion thereof of

the holdover period, an amount (to be prorated for partial months during the holdover period based on the actual number of days in such month) equal to (1) Fixed Rent for the entire Premises in the following amounts: (x) for the first thirty (30) days (or prorated portion thereof) of such holdover, one hundred twenty five percent (125%) of the Fixed Rent for the entire Premises (y) for the next thirty (30) days (or prorated portion thereof), one hundred fifty percent (150%) of the Fixed Rent for the entire Premises and (z) for each month thereafter (or portion thereof), two hundred percent (200%) of the Fixed Rent for the entire Premises, which in each case Tenant was obligated to pay for the month immediately preceding such Expiration Date, and (2) all Additional Rent for the entire Premises which is attributable to each month of the holdover tenancy (to be prorated for partial months during the holdover period based on the actual number of days in such month) ; and (b) if Tenant holds over for more than sixty (60) days, Tenant shall be liable to Landlord for and indemnify Landlord against all actual and consequential damages, including without limitation (1) any payment or rent concession which Landlord shall be required to make to any tenant obtained by Landlord for all or any part of the Premises (a "**New Tenant**") by reason of the late delivery of space to the New Tenant as a result of Tenant's holding over for more than sixty (60) days or in order to induce such New Tenant not to terminate its lease by reason of the holding over by Tenant for more than sixty (60) days, (2) the loss of the benefit of the bargain if any New Tenant shall terminate its lease by reason of the holding over by Tenant for more than sixty (60) days and (3) any claim for damages by any New Tenant. No holding over by Tenant after the Term shall operate to extend the Term. The acceptance of any rent paid by Tenant pursuant to this Section 6.10 shall not preclude Landlord from commencing and prosecuting a holdover summary eviction proceeding.

Section 6.11 Attorneys' Fees. If either party brings action or proceeding for relief against the other, declaratory or otherwise, arising out of this Lease, including any suit or proceeding by Landlord for the recovery of Rent and/or possession of the Premises, and a final, non-appealable judgment or order of a court of competent jurisdiction is rendered in any such action or proceeding, the non-prevailing party in such action or proceeding shall pay the prevailing party its reasonable costs, fees and expenses incurred in connection with and in preparation for said action or proceeding, including its reasonable attorneys' fees. Further, in the event any bankruptcy, insolvency or other similar proceeding *is* commenced involving Tenant, Tenant shall reimburse Landlord on demand for Landlord's reasonable attorneys' fees and disbursements and court costs incurred in connection with the assertion and prosecution by Landlord of a claim in any such bankruptcy, insolvency or other similar proceeding to recover Rent and/or possession of the Premises.

Section 6.12 Non-liability and Indemnification.

(a) Except to the extent caused by the negligence and/or willful misconduct of Landlord and/or anyone acting through or under Landlord, neither Landlord, any Superior Lessor or any Superior Mortgagee, nor any direct or indirect member, partner, director, officer, shareholder, principal, agent, servant or employee of Landlord, any Superior Lessor or any Superior Mortgagee (whether disclosed or undisclosed), shall be liable to Tenant for (i) any loss, injury or damage to Tenant or to any other person, or to its or their property, irrespective of the cause of such injury, damage or loss, nor shall the aforesaid parties be liable for any loss of or damage to property of Tenant or of others entrusted to employees of Landlord, (ii) any loss, injury or damage described in clause (i) above caused by other tenants or persons in, upon or

about the Building, or caused by operations in construction of any private, public or quasi-public work, or (iii) even if negligent, consequential, special or punitive damages arising out of any loss of use of the Premises or any equipment, facilities or other Tenant's Property therein.

(b) Tenant shall indemnify and hold harmless Landlord, all Superior Lessors and all Superior Mortgagees and each of their respective direct and indirect members, partners, directors, officers, shareholders, principals, agents and employees (each, a "**Landlord Indemnified Party**"), from and against any and all claims arising from or in connection with (i) the conduct or management of the Premises or of any business therein, or any work or thing done, or any condition created, in or about the Premises, by any party other than Landlord, its agents, contractors or employees or anyone acting through or under such parties (ii) any negligent act or omission (where Tenant has a duty to act) committed by Tenant or any person claiming through or under Tenant or any of their respective direct or indirect members, partners, shareholders, directors, officers, agents, employees or contractors, (iii) any accident, injury or damage occurring in, at or upon the Premises, except to the extent caused by the negligence or intentional misconduct of Landlord, its agents, contractors or employees or anyone acting through or under such parties (iv) any default by Tenant in the performance of Tenant's obligations under this Lease, and (v) any brokerage commission or similar compensation claimed to be due by reason of any proposed subletting or assignment by Tenant (irrespective of the exercise by Landlord of any of the options in Section 5.02(b)); together with all reasonable costs, expenses and liabilities incurred in connection with each such claim or action or proceeding brought thereon, including, without limitation, all reasonable attorneys' fees and disbursements. If any action or proceeding is brought against any Landlord Indemnified Party by reason of any such claim, Tenant, upon notice from Landlord shall resist and defend such action or proceeding by counsel approved by Landlord, with approval shall not be unreasonably withheld, conditioned or delayed).

ARTICLE 7
INSURANCE; CASUALTY; CONDEMNATION

Section 7.01 Compliance with Insurance Standards.

(a) Tenant shall not violate, or knowingly permit the violation of, any condition imposed by any insurance policy then issued in respect of the Project and shall not do, or knowingly permit anything to be done, or keep or knowingly permit anything to be kept in the Premises, which would increase any insurance rate in respect of the Project over the rate which would otherwise then be in effect or which would result in insurance companies of good standing refusing to insure the Project in the amounts required by any Superior Lessor or Superior Lessee, or which would directly and result in the cancellation of, or the assertion of any defense by the insurer in whole or in part to claims under, any policy of insurance in respect of the Project ; it being understood that the mere use of the Premises as expressly permitted under this Lease, and subject to compliance with Section 4.05 of this Lease, will not result in a violation of the provisions hereof.

(b) If, directly, solely, and demonstrably by reason of any failure of Tenant to comply with this Lease, the premiums on Landlord's insurance on the Project shall be higher than they otherwise would be, Tenant shall reimburse Landlord, within ten (10) Business Days

following written demand, for that part of such premiums directly and solely attributable to such failure on the part of Tenant. A schedule or "make up" of rates for the Project or the Premises, as the case may be, issued by the New York Property Insurance Underwriting Association or any successor entity making rates for insurance for the Project or the Premises, as the case may be, shall be conclusive evidence of the facts therein stated and of the several items and charges in the insurance rate then applicable to the Project or the Premises, as the case may be.

Section 7 .02 Landlord's and Tenant's Insurance.

(a) Tenant shall obtain and keep in full force and effect during the Term (and holdover period, if any):

(i) a policy of commercial general liability (ISO CG 00 01 occurrence policy form or successor form) insurance including a separation of insureds clause and coverage for contractual liability, covering Tenant's obligations assumed under this Lease as an "insured contract" for claims for host liquor liability, premises-operations and hazards thereto, personal injury, death and/or property damage occurring in or about the Premises, the Building and/or the Project naming Landlord, and any Landlord's managing agent, Superior Mortgagees and other lenders on the Building (whose name and address have been furnished to Tenant) and other additional parties Landlord may designate, in each case, identified by Landlord, as additional insureds, (including for ongoing and products-completed operations coverage) and which policy shall be primary and any other insurance that may be available to Landlord or any such additional insured will be excess and non-contributory, and minimum limits of liability under such policy in amounts of not less than Ten Million Dollars ($10,000,000.00) each occurrence and Ten Million Dollars ($10,000,000.00) general aggregate (per location) for bodily injury (or death) and damage to property; Twenty Million Dollars ($20,000,000.00) personal and advertising injury, and Ten Million Dollars ($10,000,000.00) **it** being agreed and understood that such limit of coverage may be provided by Tenant's commercial general liability and property damage policy in conjunction with an umbrella liability or excess liability policy;

(ii) property insurance written on an ISO CP 10 30-Cause of Loss-Special Form, insuring against loss or damage by fire, sprinkler leakage and other damage due to water, and such other risks and hazards (including, during the period of construction of any Tenant's Property and Improvements and Betterments, casualty insurance in the so-called "Builder's Risk Completed Value Non-Reporting Form", burglary, theft and breakage of glass within the Premises) as are insurable under the available standard forms of "special form" (formerly known as "all risk") insurance policies, to Tenant's Property and Alterations, and any other personal property leased by or in the care, custody and control of Tenant and located in the Premises, for the full replacement cost value thereof (including an "agreed amount" endorsement and waiving applicable co-insurance clause);

(iii) worker's compensation and New York Temporary Disability Benefits insurance, in such amounts as shall be required, from time to time during the Term, by applicable Laws together with employer's liability insurance in amounts of not

less than One Million Dollars ($1,000,000.00) each accident, One Million Dollars ($1,000,000.00) disease policy limit, and One Million Dollars ($1,000,000.00) disease each employee;

(iv) boiler and machinery insurance, if there is a boiler, supplementary air conditioner or pressure object or similar equipment in the Premises, with Landlord and its managing agent, if any, and each Superior Lessor and Superior Mortgagee whose name and address shall have been furnished to Tenant, as additional insureds, with limits of not less than Five Million Dollars ($5,000,000.00); and

(v) business interruption insurance covering any loss due to the occurrence of any of the hazards insured against by Tenant in Section 7.02(a)(ii) hereof, in amounts equal to the Fixed Rent for one year;

(vi) commercial automobile liability insurance covering liability arising from any auto, including any owned, non-owned, and hired vehicles, provided that, such non-owned and hired auto liability may be satisfied by endorsement to the commercial general liability policy, in an amount of not less than One Million Dollars ($1,000,000.00) combined single limit each accident for bodily injury and property damage; and

(vii) liquor liability insurance, if Tenant sells or dispenses alcoholic beverages, in amounts of not less than Five Million Dollars ($5,000,000.00) each occurrence and Five Million Dollars ($5,000,000.00) annual aggregate.

(b) For purposes of this Lease, Tenant hereby agrees that Landlord, Landlord's managing agent, if any, and all Superior Lessors and Superior Mortgagees, respectively, as the case may be, and any additional party Landlord may designate shall be designated as additional insureds to the commercial general liability and umbrella/excess liability, automobile liability, and liquor liability (if applicable) policies, which shall be primary and any other insurance that may be available to Landlord and any such additional insured will be excess and non-contributory. The proceeds of policies providing "all risk" property insurance of Tenant's Property and Alterations shall be payable to Tenant, Landlord and each Superior Lessor and Superior Mortgagee as their interests may appear. Tenant shall endorse all such liability policies to waive rights of subrogation against Landlord and its managing agent, if any, and each Superior Lessor and Superior Mortgagee whose name and address shall have been furnished to Tenant. Tenant shall endeavor to obtain a provision that it will be non-cancelable with respect to the additional insureds without ten (10) days' prior written notice to such insureds, which notice shall contain the policy number and names of the insureds and certificate holders. A certificate of each of the required policies shall be delivered to Landlord by Tenant on or prior to the Commencement Date or any earlier date of entry on or to the Premises and/or the Building by Tenant or anyone claiming by, through or under Tenant, and a renewal certificate shall be delivered to Landlord by Tenant at least thirty (30) days prior to the expiration of any of such policies. The deductible or self-insured retention amount required under any insurance policy maintained by Tenant shall be the sole responsibility of Tenant and not exceed One Hundred Thousand Dollars ($100,000.00), unless otherwise approved by Landlord in writing.

(c) Notwithstanding the limits of insurance specified in this Article 7, Tenant's obligations to indemnify any Landlord Indemnified Party as set forth elsewhere in this Lease (including Section 6.12(b)) shall operate whether or not Tenant has placed and maintained the insurance specified in Section 7.02(b) and whether or not such insurance having been placed and maintained. proceeds from such insurance shall have been received from any or all of the respective insurance companies; provided, however, Tenant shall be relieved of its obligation of indemnity herein *pro tanto* of the amount actually recovered from one or more of the insurance companies by reason of injury or damage to or loss sustained on the Premises and to the extent insurance coverage is denied because of the acts or omissions of Landlord or any of the parties designated above in Section 7.02(a).

(d) All insurance required to be carried by Tenant pursuant to the terms of this Lease shall be effected under valid and enforceable policies issued by reputable and independent insurers licensed to do business in the State of New York, and rated in Best's Insurance Guide or any successor thereto (or if there be none, an equivalent organization having a national reputation) as having a general policyholder rating of "A" and either (1) a financial rating of at least "8", or (2) a policy bolder surplus of at least Fifty Million Dollars ($50,000,000.00). All contractors working in the Premises shall be required to provide coverages outlined above with a One Million Dollar ($1,000,000.00) minimum for Commercial General Liability.

(e) Tenant shall pay all premiums and charges for all of such policies. On the Commencement Date and thereafter, at least ten (10) days prior to the expiration of any such policies, Tenant shall deliver to Landlord a certificate of insurance for each insurance policy required hereunder together with evidence of payment for the policies noted in such certificates. If Tenant shall fail to make any payment when due with respect to, or carry any such policy, Landlord may, but shall not be obligated to, make such payment or carry such policy, and the amount paid by Landlord, with Interest thereon at the Interest Rate shall be repaid to Landlord by Tenant within ten (10) Business Days after demand, and all such amounts so repayable, together with Interest at the Interest Rate, shall be considered as Additional Rent hereunder. Payment by Landlord of any such premium or the carrying by Landlord of any such policy shall not be deemed to waive or release Tenant with respect to such default.

(f) Notwithstanding anything to the contrary set forth in this Lease, at all times throughout the Term Landlord shall maintain property insurance as and to the extent required by any Superior Mortgagee or, in the absence of any such requirement, to the extent customarily carried by similarly situated landlords in midtown Manhattan. covering the full replacement cost of the Building with commercially reasonable deductibles.

Section 7.03 Subrogation Waiver and Landlord's Insurance. Landlord shall carry such special form insurance coverage for the Building as may be required by the Superior Mortgage. Landlord and Tenant shall each include in each of its insurance policies (insuring the Building in case of Landlord, and insuring Tenant's Property, Tenant's Work, and Improvements and Betterments in the case of Tenant, against loss, damage or destruction by fire or other casualty): (i) a waiver of the insurer's right of subrogation against the other party during the Term or, (ii) if such waiver should be unobtainable or unenforceable, (a) an express agreement that such policy shall not be invalidated if the assured waives the right of recovery against any

party responsible for a casualty covered by the policy before the casualty, or (b) any other legally enforceable form of permission for the release of the other party. Notwithstanding anything to the contrary contained in this Lease, each party hereby releases the other party with respect to any claim (including a claim for negligence) which it might otherwise have against the other party for loss, damage or destruction with respect to its property occurring during the Term to the extent to which it would be released under a policy or policies containing a waiver of subrogation or permission to release liability. Nothing contained in this Section 7.03 shall be deemed to relieve either party of any duty imposed pursuant to Section 7.05 of this Lease to repair, restore or rebuild or to nullify any abatement of rents provided for elsewhere in this Lease.

Section 7 .04 Condemnation.

(a) If there shall be a total taking of the Building in condemnation proceedings or by any right of eminent domain, this Lease and the term and estate hereby granted shall terminate as of the date of taking of possession by the condemning authority and all Rent shall be prorated and paid as of such termination date. If there shall be a taking of any material (in Landlord's reasonable judgment) portion of the Land or the Building (whether or not the Premises are affected by such taking), then Landlord may terminate this Lease and the term and estate granted hereby by giving notice to Tenant within sixty (60) days after the date Landlord receives notice of such taking of possession by the condemning authority provided that Landlord has terminated all of the other office leases similarly situated within the Building or impacted by the taking. If there shall be a taking of the Premises of such scope (but in no event less than 20% thereof) that would adversely and to a material extent affect Tenant's ability to continue conducting it business at the Premises, then Tenant may terminate this Lease and the term and estate granted hereby by giving notice to Landlord within sixty (60) days after Tenant receives notice of such taking of possession by the condemning authority. If either Landlord or Tenant shall give a termination notice as aforesaid, then this Lease and the term and estate granted hereby shall terminate as of the date of such notice and all Rent shall be prorated and paid as of such termination date. In the event of a taking of the Premises which does not result in the termination of this Lease the term and estate hereby granted with respect to the taken part of the Premises shall terminate as of the date of taking of possession by the condemning authority and all Rent shall be appropriately abated for the period from such date to the Expiration Date.

(b) In the event of any taking of all or a part of the Building, Landlord shall be entitled to receive the entire award in the condemnation proceeding, including, without limitation, any award made for the value of the estate vested by this Lease in Tenant or any value attributable to the unexpired portion of the Term, and Tenant hereby assigns to Landlord any and all right, title and interest of Tenant now or hereafter arising in or to any such award or any part thereof, and Tenant shall be entitled to receive no part of such award; provided, that nothing shall preclude Tenant from intervening in any such condemnation proceeding to claim or receive from the condemning authority any compensation to which Tenant may otherwise lawfully be entitled in such case in respect of Tenant's Property, or moving expenses, provided the same do not include any value of the estate vested by this Lease in Tenant or of the unexpired portion of the Term and do not reduce the amount available to Landlord.

(c) If all or any part of the Premises shall be taken for a limited period, Tenant shall be entitled, except as hereinafter set forth, to that portion of the award for such taking which represents compensation for the use and occupancy of the Premises, for the taking of Tenant's Property, interruption to Tenant's business and for moving expenses, and Landlord shall be entitled to that portion which represents reimbursement for the cost of restoration of the Premises. This Lease shall remain unaffected by such taking and Tenant shall continue to be responsible for all of its obligations under this Lease to the extent such obligations are not affected by such taking and shall continue to pay in full all Rent when due. If the period of temporary use or occupancy shall extend beyond the Expiration Date, that part of the award which represents compensation for the use and occupancy of the Premises shall be apportioned between Landlord and Tenant as of the Expiration Date. Any award for temporary use and occupancy for a period beyond the date to which the Rent has been paid shall be paid to, held and applied by Landlord as a trust fund for payment of the Rent thereafter becoming due.

(d) In the event of any taking which does not result in termination of this Lease, (i) Landlord, whether or not any award shall be sufficient therefor, shall proceed with reasonable diligence, and at Landlord's sole cost and expense, to repair the remaining parts of the Building and the Premises (other than those parts of the Premises which constitute Tenant's Property or the Improvements and Betterments and those parts of the Building repair of which is not reasonably necessary to prevent material interference with Tenant's use of the Premises for the Permitted Use in accordance with this Lease) to substantially their former condition to the extent that the same may be feasible (subject to reasonable changes which Landlord deems desirable) and so as to constitute a complete and rentable Building and Premises, and (ii) Tenant, whether or not any award shall be sufficient therefor, shall proceed with reasonable diligence to repair the remaining parts of the Premises including without limitation Tenant's Property and the Improvements and Betterments, to substantially their former condition to the extent that the same may be feasible, subject to reasonable changes which Tenant deems desirable, which shall be deemed Alterations.

Section 7.05 Casualty.

(a) If the Premises are partially damaged or rendered partially unusable by fire or other casualty, Landlord shall repair, at Landlord's cost and expense (but only to the extent of insurance proceeds made available to Landlord), the damages to the core and shell of the Premises, the portions of the Building Systems contained in the Premises up to the point of connection (if any) of localized distribution, and those other parts of the Building outside of the Premises as are reasonably necessary to prevent material interference with Tenant's use of the Premises for the Permitted Use in accordance with this Lease ("**Landlord's Restoration Work**"), and Tenant shall repair, at Tenant's cost and expense and with reasonable diligence, the remaining parts of the Premises including without limitation Tenant's Property and the Improvements and Betterments, to substantially their former condition to the extent that the same may be feasible, subject to reasonable changes which shall be deemed Alterations.

(b) If all or part of the Premises shall be rendered untenantable by reason of a Casualty, the Fixed Rent and the Additional Rent under Sections 2.02, 2.01 and Section 2.04(a) shall be abated in the proportion that the untenantable area of the Premises bears to the total area of the Premises, for the period from the date of the Casualty to the earlier of (i) the date that

Landlord's Restoration Work is substantially completed, (provided, that if Landlord's Restoration Work would have been substantially completed at an earlier date but for Tenant having failed to cooperate with Landlord in effecting repairs or restoration or collecting insurance proceeds, then the Landlord's Restoration Work shall be deemed to have been substantially completed on such earlier date and the abatement shall cease) or (ii) the date Tenant or any subtenant reoccupies a portion of the Premises for the purpose of the commencement of Tenant's or such subtenant's restoration of its improvements in the Premises (in which case the Fixed Rent and the Additional Rent allocable to such reoccupied portion shall be payable by Tenant from the day following the date of such occupancy).

(c) If by reason of a Casualty (i) the Building shall be totally damaged or destroyed, (ii) the Building shall be so damaged or destroyed (whether or not the Premises are damaged or destroyed) that repair or restoration shall require more than three hundred sixty-five (365) days from the date of the Casualty or the expenditure of more than forty percent (40%) of the full insurable value of the Building (which, for purposes of this Section 7.05(c), shall mean replacement cost less the cost of footings, foundations and other structures below the street and first floors of the Building) immediately prior to the Casualty and Landlord shall have simultaneously terminate leases covering no less than 75% of space in the Building (including the Premises, as set forth below in this Section 7.05(c)), then in any such case Landlord may terminate this Lease by notice given to Tenant within one hundred eighty (180) days after the Casualty.

(d) Landlord shall not carry any insurance on Tenant's Property, or Tenant's Improvements and Betterments and shall not be obligated to repair or replace Tenant's Property, Tenant's Improvements and Betterments. Tenant shall look to its insurance for recovery of any damage to or loss of Tenant's Property, Tenant's Improvements and Betterments. Tenant shall notify Landlord promptly of any Casualty in the Premises after becoming aware thereof.

(e) If, by reason of a Casualty, more than fifty percent (50%) of the Premises shall be damaged or access to the Premises shall be materially damaged and rendered substantially unusable, and provided Landlord has not otherwise elected to terminate this Lease as provided herein, then Landlord, within one hundred twenty (120) days following the date of such Casualty, shall deliver to Tenant a written statement prepared by a reputable contractor setting forth such contractor's estimate as to the time required to substantially complete the Landlord's Restoration Work. If the estimated time period exceeds three hundred sixty (360) days from the date of such Casualty, Landlord or Tenant may elect to terminate this Lease by giving notice to the other within thirty (30) days after Tenant's receipt of such statement (time being of the essence with respect to Tenant's giving of such termination notice). If Landlord or Tenant timely gives such notice, the Term shall expire upon thirty (30) days after such notice is given by Tenant, and Tenant shall vacate the Premises and surrender the same to Landlord in accordance with the provisions of this Lease. If each of Landlord and Tenant fails timely to deliver such notice as aforesaid, each shall be deemed to have waived its right to give such termination notice and shall have no further right to terminate this Lease under this Section 7.05(e) except to the extent set forth below. Except as set forth below in this Section 7.05(e), if Landlord fails to substantially complete the restoration within three hundred sixty (360) days from the date of such Casualty (or such later date set forth in such estimate for restoration), subject to extension by reason of Force Majeure or Tenant Delay, then Tenant shall have the

option of terminating this Lease at any time thereafter (but prior to Landlord substantially completing the restoration) by written notice to Landlord, whereupon the Term shall expire thirty (30) days after such notice is given by Tenant, and Tenant shall vacate the Premises and surrender the same to Landlord in accordance with the provisions of this Lease. The foregoing to the contrary notwithstanding, if, by written notice given during the sixty (60) day period immediately preceding the expiration of the aforesaid three hundred sixty (360) day period, Landlord informs Tenant that such restoration will not be completed prior to the expiration of the three hundred sixty (360) day period, but anticipates completion of such restoration within thirty (30) days thereafter (herein, the "**Restoration Extension Period**"), each of Landlord and Tenant shall not have the right to exercise its termination right, as aforesaid, until after the expiration of the Restoration Extension Period (provided Tenant exercises such termination right, in any event, prior to Landlord substantially completing the restoration).

(f) This Section 7.05 shall be deemed an express agreement governing any damage or destruction of the Premises by fire or other casualty, and Section 227 of the New York Real Property Law providing for such a contingency in the absence of an express agreement, and any other law of like import now or hereafter in force, shall have no application.

ARTICLES 8
MISCELLANEOUS PROVISIONS

Section 8.01 Notice. All notices, demands, consents, approvals, waivers or other communications which may or are required to be given by either party to the other under this Lease (each, "**Notice**") shall be in writing and shall be delivered by (a) the United States mail, certified or registered, postage prepaid, return receipt requested, or (b) a nationally recognized overnight courier, in each case addressed to the party to be notified as follows:

If to Landlord: Cove Property Group
501 Madison Avenue 5th Floor
New York, New York 10022-5622
Attn: Amit Patel

with copies being simultaneously delivered to:

Hunton Andrews Kurth LLP
200 Park Avenue
New York, New York 10166
Attn: Carl Schwartz, Esq.

If to Tenant: Peloton Interactive, Inc.
125 West 25th Street
New York, New York 10001
Attention: Hisao Kushi, Esq., General Counsel

with copies being simultaneously delivered to:

Peloton Interactive, Inc.
125 West 25th Street
New York, New York 10001
Attention: Jill Woodworth, CFO

and

Blank Rome LLP
405 Lexington Avenue
New York, New York 10174
Attention: Samuel Walker, Esq.

Either party may from time to time designate a different (or additional) address(es) for Notices by at least five (5) days' prior Notice to the other party. Notices from Landlord may be given by Landlord's managing agent, if any, or by Landlord's attorney, and Notices from Tenant may be given by Tenant's attorney. Each Notice shall be deemed to have been given on the date such Notice is actually received as evidenced by a written receipt therefor (or computer record) from the United States Postal Service, or national courier service, as applicable, and in the event of failure to deliver by reason of changed address of which no Notice was given or refusal to accept delivery, as of the date of such failure or refusal as evidenced by a written receipt therefore (or computer record) from the United States Postal Service, or national courier service, as applicable.

Section 8.02 Building Rules. Tenant shall comply with, and Tenant shall cause its licensees, employees, contractors, agents and invitees to comply with, the rules of the Building set forth in Exhibit C attached hereto, as the same may be reasonably modified or supplemented by Landlord from time to time for the safety, care and cleanliness of the Premises and the Building and for preservation of good order therein; provided, (a) Landlord shall deliver reasonable prior written notice to Tenant regarding any such modification or supplement to the rules of the Building, (b) any such modification or supplement to the rules of the Building shall not reduce Tenant's rights (or Landlord's obligations) or increase Tenant's obligations (or Landlord's rights) under this Lease (in either case in any material respect) or increase Tenant's monetary obligations under the Lease and (c) Landlord agrees that Landlord shall not make any changes to the rules of the Building, nor shall it enforce any such rules in a manner which is discriminatory to Tenant. In no event shall Landlord have an affirmative obligation to enforce any of the rules against Tenant or other tenants of the Building (provided that should Landlord elect to so enforce any such rule, Landlord shall not enforce the same in a discriminatory manner against Tenant), nor shall Landlord have any liability to Tenant by reason of the violation by any tenant or other party of the rules of the Building, except in the event that such rules are enforced in a discriminatory manner. If any rule of the Building shall conflict with any provision of this Lease, such provision of this Lease shall govern.

Section 8.03 Severability. If any term or provision of this Lease, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

Section 8.04 Certain Definitions.

(a) "**Landlord**" means only the owner, at the time in question, of the Building or that portion of the Building of which the Premises are a part, or of a lease of the Building or that portion of the Building of which the Premises are a part, so that in the event of any transfer or transfers of title to the Building or of Landlord's interest in a lease of the Building or such portion of the Building, the transferor shall be and hereby is relieved and freed of all obligations of Landlord under this Lease accruing after such transfer, and it shall be deemed, without further agreement, that such transferee has assumed all obligations of Landlord during the period it is the holder of Landlord's interest under this Lease.

(b) "**Landlord shall have no liability to Tenant**" or words of similar import mean that except as otherwise set forth in this Lease, Tenant is not entitled to terminate this Lease, or to claim actual or constructive eviction, partial, or total, or to receive any abatement or diminution of Rent, or to be relieved in any manner or any of its other obligations under this Lease, or to be compensated for loss or injury suffered or to enforce any other right or kind of liability whatsoever against Landlord under or with respect to this Lease or with respect to Tenant's use or occupancy of the Premises except as may otherwise be expressly set forth herein.

(c) "**Fair Market Rent**" means for the purposes of Articles 9, 11 and 13 hereof, the annual fair market rental value of the Premises (or Option Premises or the Offered Space) as of the applicable date for determination set forth in those Articles, the fixed annual rent that a willing lessee would pay and a willing lessor would accept for the Premises during the Renewal Term, or the Offered Space or the Option Premises, as applicable, taking into account all then-relevant factors.

Section 8.05 Quiet Enjoyment. Tenant shall and may peaceably and quietly have, hold and enjoy the Premises, subject to the other terms of this Lease and to Superior Leases and Superior Mortgages, provided that Landlord shall at all times have the right to exercise its rights hereunder or at law with respect to any default by Tenant under this Lease.

Section 8.06 Limitation of Landlord's Personal Liability. Tenant shall look solely to Landlord's interest in the Project and, subject to the rights of the Superior Mortgagee and Superior Lessor, and the requirements of the Superior Mortgage and Superior Lease and the obligations of Landlord thereunder, Landlord's interest in all rent, profits, income, sales proceeds, insurance proceeds, refinancing funds and/or condemnation proceeds for the recovery of any judgment against Landlord, and no other property or assets of Landlord or Landlord's affiliates, partners, officers, directors, shareholders or principals, direct or indirect, disclosed or undisclosed, shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease.

Section 8.07 Counterclaims. If Landlord commences any summary proceeding or action for nonpayment of Rent or to recover possession of the Premises, Tenant shall not interpose any counterclaim of any nature or description in any such proceeding or action, unless Tenant's failure to interpose such counterclaim in such proceeding or action would result in the waiver of Tenant's right to bring such claim in a separate proceeding under applicable law.

Section 8.08 Survival. Whether or not expressly provided for in this Lease, it is the intent and agreement of Landlord and Tenant that all obligations and liabilities of Landlord or Tenant to the other which accrued before the Expiration Date and all such obligations and liabilities which by their nature or under the circumstances can only be, or by the provisions of this Lease may be, performed after such expiration or other termination, shall survive the expiration or other termination of this Lease. Without limiting the generality of the foregoing, the rights and obligations of the parties with respect to any indemnity under this Lease, and with respect to Tax Payments and Operating Payments (and any adjustments to, or computations of, Tax Payments and Operating Payments in accordance with this Lease), electricity and any other amounts payable under this Lease, shall survive the expiration or other termination of this Lease.

Section 8.09 Certain Remedies. If Tenant requests Landlord's consent and Landlord fails or refuses to give such consent, Tenant shall not be entitled to any damages for any withholding by Landlord of its consent, it being intended that Tenant's sole remedy shall be an action for specific performance or injunction or resolution by way of expedited arbitration in accordance with Article 14 hereof, and that such remedy shall be available only in those cases where this Lease provides that Landlord shall not unreasonably withhold its consent. No dispute relating to this Lease or the relationship of Landlord and Tenant under this Lease shall be resolved by arbitration unless this Lease expressly provides for such dispute to be resolved by arbitration.

Section 8.10 No Offer. The submission by Landlord of this Lease in draft form shall be solely for Tenant's consideration and not for acceptance and execution. Such submission shall have no binding force or effect and shall confer no rights nor impose any obligations, including brokerage obligations, on either party unless and until both Landlord and Tenant shall have executed a lease and duplicate originals thereof shall have been delivered to the respective parties.

Section 8.11 Captions; Construction. The table of contents, captions, headings and titles in this Lease are solely for convenience of reference and shall not affect its interpretation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. Each covenant, agreement, obligation or other provision of this Lease on Tenant's part to be performed, shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease. This Lease may be executed in multiple counterparts, each of which constitutes an original and all of which, taken together, constitute one and the same instrument.

Section 8.12 Amendments. This Lease may not be altered, changed or amended, except by an instrument in writing signed by the party to be charged.

Section 8.13 Broker. Each party represents to the other that such party has not dealt with a broker, agent or finder in connection with this Lease other than CBRE, Inc. and Newmark and Company Real Estate, Inc. d/b/a Newmark Knight Frank (collectively the "**Brokers**"), and (i) Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost, liability and expense (including, without limitation, reasonable attorneys' fees and disbursements) actually incurred by Tenant and arising out of any claim for a commission or other compensation by any broker, agent or finder who alleges that it has dealt with Landlord in

connection with this Lease or the Building; and (ii) Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost, liability and expense (including, without limitation, reasonable attorneys' fees and disbursements) actually incurred by Landlord and arising out of any claim for a commission or other compensation by any broker, agent or finder other than the Brokers who alleges that it has dealt with Tenant in connection with this Lease or the Building. Landlord shall be solely responsible for any payment to the Brokers, which may be due pursuant to a separate agreement between Landlord and the Brokers.

Section 8.14 Merger. Each party acknowledges that the other party has not made and is not making, and neither party, in executing and delivering this Lease, is relying upon, any warranties, representations, promises or statements. This Lease embodies the entire understanding between the parties with respect to the subject matter hereof, and all prior agreements understanding and statements, oral or written, with respect thereto are merged in this Lease.

Section 8.15 Successors. This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns, and shall be binding upon and inure to the benefit of Tenant, its successors, and assigns in accordance with the terms of this Lease.

Section 8.16 Applicable Law. This Lease shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any principles of conflicts of laws.

Section 8.17 No Development Rights. Tenant acknowledges that it has no rights to any development rights, air rights or comparable rights appurtenant to the Project, and Tenant consents, without further consideration, to any utilization of such rights by Landlord, provided the same shall not materially interfere with Tenant's (for purposes of this sentence, "Tenant" shall be deemed to include permitted occupants) access to and/or from the Premises, Tenant's use of the Premises for the ordinary conduct of Tenant's business, and/or Tenant's signage and/or lobby rights under this Lease. Tenant shall promptly execute and deliver any instruments which may be reasonably requested by Landlord, including instruments merging zoning lots, evidencing such acknowledgment and consent. The provisions of this Section 8.17 shall be construed as an express waiver by Tenant of any interest Tenant may have as a "party in interest" (as such term is defined in Section 12-10 Zoning Lot of the Zoning Resolution of the City of New York) in the Project.

Section 8.18 No Recording. Tenant shall not record this Lease or any memorandum thereof and any attempt to do so shall be deemed to be a default hereunder.

Section 8.19 Jurisdiction/Service of Process. (a) Landlord and Tenant, any subtenant, and any guarantor of Tenant's obligations under this Lease, irrevocably consent and submit to the jurisdiction of the Civil Court of the City of New York and the Supreme Court of The State of New York with respect to any action or proceeding between Landlord and Tenant or such party with respect to this Lease or any rights or obligations of either party pursuant to this Lease, and each of such subtenant, guarantor, Landlord and Tenant agrees that venue in any action commenced in such court shall lie in New York County and each waives any rights it might have to object thereto. Each of Landlord and Tenant agrees that the laws of the State of

New York shall govern in any action or proceeding and waives any defense to any action or proceeding granted by the laws of any other country or jurisdiction and agrees that any final unappealable judgment rendered against it in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

(b) Tenant represents, warrants, covenants and agrees that, to the extent Tenant then in occupancy of the same, the Premises shall be the proper and correct address for service on Tenant of Tenant of any summons, complaint, notice of petition, petition or other service of process in any action or proceeding between Landlord and Tenant with respect to any rights or obligations of either party pursuant to and/or in connection with this Lease.

Section 8.20 Financial Statements. Tenant shall within sixty (60) days after the end of each of its fiscal quarters (commencing on the Commencement Date thereafter) deliver to Landlord, Tenant's financial statements (either audited or certified by Tenant's chief financial officer as set forth below), in form and scope reasonably satisfactory to Landlord, for Tenant's most recent fiscal quarter until such time as Tenant is a publicly traded company on an internationally recognized exchange The financial statements Tenant delivers to Landlord shall be audited only if such financial statements are audited for any other purpose, and if not audited, shall be certified as true and complete by Tenant's chief financial officer and accompanied by a summary of the last audited financial statements available.

(a) **Competitors.** For so long as the Tenant meets the Named Tenant Requirement, Landlord shall not (i) lease any retail space in the Building to any Competitor of Tenant nor shall Landlord consent to or approve a sublease of any retail space in the Building or assignment of a retail lease or occupancy agreement to a Competitor of Tenant, or (ii) permit any Competitor of Tenant to install signage in, on, or around the Building, including, without limitation, any lobby signage, Signs, or Ground Floor Signs(s), nor shall Landlord consent to or approve a sublease of any space in the Building or assignment of any lease or occupancy agreement that permits a Competitor of Tenant to install signage in, on, or around the Building, including, without limitation, any lobby signage, Signs, or Ground Floor Signs(s). For purposes hereof, a "**Competitor of Tenant**" shall mean any person or entity on the list annexed as Exhibit O; provided that Tenant may from time to time, but no more often than once in any twelve (12) month period, revise Exhibit O by giving written notice thereof to Landlord, to replace up to (2) two person(s) or entit(y/ies) listed thereon with up to (2) new person(s) or entit(y/ies) (in the aggregate) (each such new person or entity, a "**Substitute Competitor of Tenant**"; provided further that (a) no such Substitute Competitor of Tenant shall, at the time such notice is given, be an occupant of any part of the Building or a person or entity with whom Landlord is negotiating or has within the prior six (6) months negotiated to lease space in the Building, (b) each Substitute Competitor of Tenant must be, at the time such notice is given, engaged in one or more of the following businesses as its primary line of business: (i) the web based streaming of fitness content, (ii) providing gym or health clubs open to the public, or (iii) a fitness, health, wellness or lifestyle business offering exercise or fitness related classes or instruction to the public on a primary basis, and (c) at no time shall there be more than ten (10) Competitors of Tenant. Tenant agrees that nothing contained in this Section 8.21 shall preclude Landlord from offering a gym, fitness or wellness center or health and fitness classes in the Building as an amenity exclusively to the tenants of the Building (and its invitees), or offering fitness classes in

the Amenity Space exclusively to any user of the Amenity Space (and its invitees), or preclude another tenant of the Building from providing a gym or fitness and/or wellness center or fitness or wellness classes exclusively for the use of its employees, which in each case could be outsourced to any third (3rd) party, including a Competitor of Tenant. Notwithstanding the forgoing, for the purposes of this subsection 8.20, during the period from the Commencement Date through December 31, 2023 (and only during such period), the Named Tenant Requirement shall be that Peloton Interactive, Inc. and/or its Affiliates lease at least 250,000 rentable square feet, is not leasing or marketing to sublease any space on the 9th or 10th floors of the Building and is not marketing to sublease space in the Premises which would when aggregated with space then being subleased by Tenant, constitute more than two full floors on the fourth (4th) through eighth (8th) floors of the Building.

Section 8.21 Confidentiality. Tenant shall keep the Lease terms, provisions and conditions confidential and shall not disclose them to any other person without Landlord's prior written consent. However, Tenant may disclose Lease terms, provisions and conditions to Tenant's accountants, attorneys, managing employees and others in privity with Tenant, as reasonably necessary for Tenant's business purposes, including any filings with any agency or governmental entity required by any Law or regulation applicable to Tenant, without such prior consent.

Section 8.22 Added space. Any space added to the Premises pursuant to the provisions of Article 11 or 13 hereof shall be deemed Premises for the purposes of this Lease, including without limitation for the purposes of permitted use of the Fire Stairs.

ARTICLE 9
TENANT'S RENEWAL RIGHT

Section 9.01 First Renewal Right.

(a) Provided that on the date Tenant exercises the Renewal Option and at the commencement of the Renewal Term (i) this Lease shall not have been terminated, (ii) the Tenant is the Named Tenant and leasing the entire initially demised Premises and occupying at least 75% of the "Renewal Premises" as hereinafter defined (collectively the "**Renewal Term Requirements**"), and (iii) Tenant shall not be in a continuing default under this Lease beyond applicable notice and cure periods, Tenant shall have the option to either (1) extend the term of this Lease with respect to the "Renewal Premises" (as hereinafter defined) for one additional ten (10) year period with no additional renewal rights (the "**Ten Year Option**"), or (2) extend the term of this Lease with respect to the then-applicable Renewal Premises for one additional five (5) year period with the additional right (but not the obligation) to extend the term for the then-applicable Renewal Premises for another five (5) year period (the "**Five Year Option**"), in each instance to commence at the expiration of the initial Term (each option, as applicable, the "**Renewal Option**"). "**Renewal Premises**" shall mean either (x) the entire Premises demised by the Lease as of the expiration of the initial term, or (y) a minimum of 234,150 rentable square feet of the Premises consisting of either (i) the lowest full floor of the Premises above the ground level of the Building and then including the next progressively then contiguous full floor(s) above the lowest full floor as Tenant shall elect to renew in accordance herewith together with so many of the then contiguous partial floors forming part of the Premises that Tenant shall elect to

renew, together with so much of the Lower Level Premises as Tenant shall elect to renew; or (ii) the highest full floor of the Premises and then including the next then progressively contiguous full floor(s) below the highest full floor as Tenant shall elect to renew in accordance herewith together with so many of the then contiguous partial floors forming part of the Premises that Tenant shall elect to renew, together with so much of the Lower Level Premises as Tenant shall elect to renew. In no event may the Renewal Premises be comprised of a part of a full floor then leased to Tenant hereunder.

(b) The Renewal Option may only be exercised by Tenant by giving notice to Landlord (the "**Renewal Notice**") at least eighteen (18) months before the last day of the initial Term as to whether it is exercising the Ten Year Option or the Five Year Option and specifying the Renewal Premises. Time is of the essence with respect to the giving of the Renewal Notice. If Tenant shall send the Renewal Notice, the renewal term it elects shall hereinafter be called the "**Renewal Term**".

Section 9.02 Renewal Rent and Other Terms.

(a) The Renewal Term shall be upon all of the terms and conditions set forth in this Lease, except that (i) the Fixed Rent shall be as determined pursuant to the provisions of this Section 9.02; (ii) Tenant shall accept the Renewal Premises in its "as is" condition at the commencement of the Renewal Term, and Landlord shall not be required to perform any work or improvements to the Renewal Premises, to pay any tenant improvement allowance or any other amount or to render any services to make the Renewal Premises ready for Tenant's continued use and occupancy or to provide any abatement of Fixed Rent or Additional Rent, in each case with respect to the Renewal Term; (iii) unless Tenant shall have elected the Five Year Option, Tenant shall have no option to renew this Lease beyond the expiration of the Renewal Term; (iv) the rentable square foot area of the Renewal Premises shall be calculated using then current market loss factors for buildings in Manhattan comparable to the Building, and (v) the Base Tax Amount shall be the amount of Taxes paid during the last Tax Year of the initial Term and (v) the Base Operating Amount shall be the amount of Operating Expenses paid during the last Operating Year of the initial Term.

(b) The annual Fixed Rent for the Premises for the Renewal Term in question shall be one hundred percent (100%) of the Fair Market Rent as of the date that is three (3) months prior to the expiration of the initial Term.

(c) If Tenant timely exercises the Renewal Option, Landlord shall notify Tenant (the "**Rent Notice**") at least one hundred eighty (180) days before the last day of the initial Term of Landlord's reasonable determination of the Fair Market Rent ("**Landlord's Determination**") for the Renewal Premises during the Renewal Term in question. Tenant shall notify Landlord ("**Tenant's Notice**"), within thirty (30) days after Tenant's receipt of the Rent Notice, whether Tenant accepts or disputes Landlord's Determination, and if Tenant disputes Landlord's Determination, Tenant's Notice shall set forth Tenant's determination of the Fair Market Rent. If Tenant fails to give Tenant's Notice within such thirty (30) day period, Tenant shall be deemed to have accepted Landlord's Determination.

(d) If Tenant timely disputes Landlord's Determination and Landlord and Tenant fail to agree as to the Fair Market Rent within twenty-five (25) days after the giving of Tenant's Notice, then the Fair Market Rent shall be determined as follows. The party requesting arbitration shall do so by giving notice to that effect to the other party, specifying in said notice the nature of the dispute, and that said dispute shall be determined in the City of New York. Landlord and Tenant shall each select a reputable qualified, licensed real estate broker having an office in New York County with at least fifteen (15) years' experience in evaluating midtown Manhattan commercial property and who is familiar with the rentals then being charged in the Building and in comparable buildings and areas (respectively, "**Landlord's Broker**" and "**Tenant's Broker**") who shall confer promptly after their selection by Landlord and Tenant and shall attempt to agree upon the Fair Market Rent. If Landlord's Broker and Tenant's Broker cannot reach agreement within sixty (60) days after their selection, then within thirty (30) days after the lapse of such sixty (60) day period , they shall designate a third reputable, licensed real estate broker having an office in New York County with at least ten (10) years' experience in evaluating midtown Manhattan commercial property and who is familiar with the rentals then being charged in the Building and in comparable buildings and areas (the "**Independent Broker**"). Upon the failure of Landlord's Broker and Tenant's Broker to timely agree upon the designation of the Independent Broker, then the Independent Broker shall be appointed by the President of the Real Estate Board of New York. The Independent Broker shall not be an individual who had represented Landlord or Tenant as a broker nor been employed by either Landlord or Tenant within the five (5) year period prior to appointment of the Independent Broker, nor shall the Independent Broker be an individual who had represented Landlord or Tenant in the determination of Fair Market Rent in the five (5) year period prior to appointment of Independent Broker. Concurrently with such appointment, Landlord's Broker and Tenant's Broker shall each submit a letter to the Independent Broker, with a copy to Landlord and Tenant, setting forth such broker's estimate of the Fair Market Rent (respectively, "**Landlord's Broker's Letter**" and "**Tenant's Broker's Letter**").

(e) The Independent Broker shall conduct such investigations and hearings as he or she may deem appropriate and shall, within sixty (60) days after the date of his or her designation, choose either the rental set forth in Landlord's Broker's Letter or Tenant's Broker's Letter to be the Fair Market Rent during the Renewal Term and such choice shall be binding upon Landlord and Tenant. Landlord and Tenant shall each pay the fees and expenses of its respective broker. The fees and expenses of the Independent Broker shall be shared equally by Landlord and Tenant. The arbitrators shall not have the power to add to, modify or change any of the provisions of this Lease. After a determination has been made of the Fair Market Rent, the parties shall execute and deliver an instrument amending and modifying this Lease setting forth the Fair Market Rent, but the failure to so execute and deliver any such instrument shall not affect the determination of Fair Market Rent

(f) If Tenant disputes Landlord's Determination and if the final determination of Fair Market Rent shall not be made on or before the first day of the Renewal Term, then, pending such final determination, Tenant shall pay, as Fixed Rent for the Renewal Term, the Fixed Rent then in effect during the last month of the initial Term. If, based upon the final determination of the Fair Market Rent, the Fixed Rent payments made by Tenant for such portion of the Renewal Term were (i) less than the Fixed Rent payable for the Renewal Term, Tenant shall pay to Landlord the amount of such deficiency within thirty (30) days after demand

therefor or (ii) greater than the Fixed Rent payable for the Renewal Term, Landlord shall credit the amount of such excess against future installments of Fixed Rent and/or Additional Rent payable by Tenant.

Section 9.03 Second Renewal Term Five Year Option Renewal Term. If Tenant shall have elected the Five Year Option, then provided that on the date Tenant exercises the Second Renewal Option and at the commencement of the Second Renewal Term (i) this Lease shall not have been terminated, (ii) the Tenant meets the Renewal Term Requirements, and (iii) Tenant shall not be in a continuing default under this Lease beyond applicable notice and cure periods, Tenant shall have the option to extend the term of this Lease for the then-applicable Renewal Premises for one additional five (5) year period (the "**Second Renewal Term**") to commence at the expiration of the Renewal Term. Tenant shall send Landlord a notice that it elects to lease the Premises for the Second Renewal Term (the "**Second Renewal Notice**") at least eighteen (18) months before the last day of the Renewal Term. Time is of the essence with respect to the giving of the Second Renewal Notice. For the purposes of the Second Renewal Term, Renewal Premises shall mean either (x) the entire Premises demised by the Lease as of the expiration of the Renewal Term or (y) a minimum of 234,150 rentable square feet of the Premises consisting of either (i) the lowest full floor of the Premises above the ground floor and then including the next progressively then contiguous full floor(s) above the lowest full floor as Tenant shall elect to renew in accordance herewith together with so many of the then contiguous partial floors forming part of the Premises that Tenant shall elect to renew, together with so much of the Lower Level Premises as Tenant shall elect to renew; or (ii) the highest full floor of the Premises and then including the next progressively then contiguous full floor(s) below the highest full floor as Tenant shall elect to renew in accordance herewith together with so many of the then contiguous partial floors forming part of the Premises that Tenant shall elect to renew, together with so much of the Lower Level Premises as Tenant shall elect to renew. In no event may the Renewal Premises for the Second Renewal Term be comprised of a part of a full floor then leased to Tenant hereunder.

Section 9.04 Renewal Rent and Other Terms for the Second Renewal Term.

(a) The Second Renewal Term shall be upon all of the terms and conditions set forth in this Lease, except that (i) the Fixed Rent shall be as determined pursuant to the further provisions of this Section 9.04; (ii) Tenant shall accept the Renewal Premises in its "as is" condition at the commencement of the Second Renewal Term, and Landlord shall not be required to perform any work or improvements to the Renewal Premises, to pay any tenant improvement allowance or any other amount or to render any services to make the Renewal Premises ready for Tenant's continued use and occupancy or to provide any abatement of Fixed Rent or Additional Rent, in each case with respect to the Second Renewal Term; (iii) Tenant shall have no option to renew this Lease beyond the expiration of the Second Renewal Term; (iv) the Base Tax Amount shall be the amount of Taxes paid during the last Tax Year of the Second Renewal Term; and (v) the Base Operating Amount shall be the amount of Operating Expenses paid during the last Operating Year of the Second Renewal Term.

(b) The annual Fixed Rent for the Premises for the Second Renewal Term shall be one hundred percent (100%) of the Fair Market Rent as of the date that is three (3) months prior to the expiration of the Renewal Term. The provisions of Sections 9.02(c), (d), (e)

and (f) shall apply with respect to the determination of the annual Fixed Rent for the Premises for the Second Renewal Term as if set out in full in this Section 9.04 except that references to the Renewal Term shall be deemed references to the Second Renewal Term and references to the initial Term shall be deemed references to the Renewal Term.

Section 9.05 Surrendered Floors. If Tenant does not exercise its rights pursuant to this Article 9 to lease the entire Premises demised by this Lease as of the day immediately preceding the commencement of the Renewal Term, or the Second Renewal Term, as the case may be, (any such floors that are not included as part of the Renewal Premises being herein called the "**Surrendered Floors**"), then prior to the expiration of the term with respect to such Surrendered Floors, Tenant shall, at Tenant's sole cost and expense, (x) disconnect and cap (in a commercially reasonable manner) any connection of any system or equipment between the base Building portions of such Surrendered Floors and any other portions of the Premises, and (y) cap all applicable Building Systems (including, without limitation, electrical, chilled water, HVAC and back-up power systems) at the point where the horizontal distribution meets the vertical distribution on such Surrendered Floors, in each such case, with all work coordinated with Landlord if and to the extent such work would affect any Building Systems serving any portion of the Building outside of the Premises.

ARTICLE 10
SECURITY DEPOSIT

Section 10.01 Letter of Credit. Upon execution of this Lease, Tenant shall furnish to Landlord, at Tenant's sole cost and expense, a clean, irrevocable and unconditional letter of credit (the "**Letter of Credit**") in the face amount of $30,580,737.42 issued by and drawable upon any commercial bank, trust company, national banking association or savings and loan association with offices for banking purposes in the City of New York (the "**Issuing Bank**") which, in each case, has outstanding unsecured, uninsured and unguaranteed indebtedness that is then rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Rating Service, and has combined capital, surplus and undivided profits of not less than $2,000,000,000 (the "**Issuing Bank Standard**"). The Letter of Credit shall (a) name Landlord as beneficiary, (b) have a term of not less than one (l) year, (c) permit multiple drawings, (d) be fully transferable by Landlord without the payment of any material fees or charges by Landlord, and (e) be substantially in the form annexed hereto as Exhibit K and comply with the terms of this Article 10 and otherwise satisfactory to Landlord in all respects, in Landlord's sole discretion. The Letter of Credit shall provide that it shall be automatically renewed without amendment or need for any other action, for consecutive periods of one (1) year each thereafter during the Term, as the same may be extended (and in no event shall the Letter of Credit expire prior to the forty fifth (45th) day following the Expiration Date) unless the lssuing Bank sends duplicate notices (the "**Non-Renewal Notices**") to Landlord by registered or certified mail, return receipt requested (one of which shall be addressed "Attention, Chief Executive Officer" and the other of which shall be addressed "Attention, Chief Financial Officer"), not less than forty five (45) days next preceding the then expiration date of the Letter of Credit stating that the Issuing Bank has elected not to renew the Letter of Credit. The Issuing Bank shall agree with all beneficiaries, drawers, endorsers, transferees and bona fide holders that drafts drawn under and in compliance with the terms of the Letter of Credit will be duly honored upon presentation to

the Issuing Bank at an office location in New York, New York. The Letter of Credit shall be subject in all respects to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590. Landlord acknowledges and agrees that JPMorgan Chase Bank, N.A. is deemed to be an Issuing Bank that meets the Issuing Bank Standard which, together with that certain JPMorgan Chase Bank, N.A. draft Letter of Credit submitted by Tenant to Landlord, otherwise complies with the terms of this Article 10 for purposes of this Lease.

Section 10.02 Draws. If (a) an Event of Default by Tenant occurs in the payment or performance of any of the terms, covenants or conditions of this Lease, including the payment of Rent, (b) Landlord receives a Non-Renewal Notice or (c) the credit rating of the Issuing Bank has been downgraded below the rating specified above or fails to meet the Issuing Bank Standard in any other way, declares bankruptcy or is put into receivership by the FDIC and in any of those cases under clause (b) and/or this clause (c), Tenant has failed to deliver a new Letter of Credit from a bank with a credit rating meeting the standard specified above and otherwise meeting the requirements set forth in this Article 10 within ten (10) Business Days following notice from Landlord of any of such events, Landlord shall have the right by sight draft to draw all or a portion of the proceeds of the Letter of Credit and thereafter hold, use, apply, or retain the whole or any part of such proceeds, (x) to the extent required for the payment of any Rent or any other sum as to which Tenant is in an Event of Default including (i) any sum which Landlord may expend or may be required to expend by reason of Tenant's default to the extent such expenditure is otherwise permitted hereunder, and/or (ii) any damages to which Landlord is entitled pursuant to this Lease, whether such damages accrue before or after summary proceedings or other reentry by Landlord and/or (y) as cash proceeds to guaranty Tenant's obligations hereunder, unless and until Tenant delivers to Landlord a substitute Letter of Credit which meets the requirements of this Article 10; provided in the case where Landlord is making a draw pursuant to the foregoing clause (a), Landlord shall only be entitled to draw down so much of the Letter of Credit as shall be reasonably necessary for the purposes set forth in the foregoing clause (x). If Landlord applies any part of the cash proceeds of the Letter of Credit, Tenant shall promptly thereafter amend the Letter of Credit to increase the amount thereof by the amount so applied or provide Landlord with an additional Letter of Credit in the amount so applied so that Landlord shall have the full amount thereof on hand at all times during the Term.

Section 10.03 Assignment. The Letter of Credit shall be assignable, upon request, to any Superior Lessor, Superior Mortgagee or successor to Landlord (including without limitation, a purchaser of the Building). If the Issuing Bank shall refuse to assign the Letter of Credit or delay in such assignment, Landlord shall have the right by sight draft to draw, at its election, all or a portion of the proceeds of the Letter of Credit and thereafter hold, use, apply, or retain the whole or any part of such proceeds as cash proceeds to guaranty Tenant's obligations hereunder, unless and until Tenant delivers to a substitute Letter of Credit for the benefit of such Superior Lessor, Superior Mortgagee or successor to Landlord which meets the requirements of this Article 10.

Section 10.04 Reduction in Security Deposit. Notwithstanding anything to the contrary contained herein, provided that no Event of Default shall then exist and be continuing, Tenant shall have the right, at any time after each date provided therefor on Exhibit K-1 attached hereto, to reduce the Security Deposit to the amount shown on such Exhibit K-1 by providing a Replacement Letter to Landlord, in which event Landlord shall promptly deliver the then current

Letter of Credit to Tenant; provided that should six (6) distinct Events of Default occur during the term of this Lease, Tenant shall no longer be entitled to reduce the Security Deposit pursuant to this Section 10.04, notwithstanding that any such Event of Default may be cured.

ARTICLE 11
RIGHT OF FIRST OFFER

Section 11.01 Right of First Offer.

(a) Provided that at the time of such exercise (1) Tenant shall not be in default under this Lease beyond the expiration of applicable notice and/or cure periods, (2) this Lease is in full force and effect, (3) the Named Tenant leases the entire Premises initially demised hereunder and occupies at least 75% of the initially demised Premises, and (4) there shall be at least forty-eight (48) full calendar months remaining in the Term or, if less than forty-eight (48) full calendar months then remain in the Term, then so long as Tenant shall exercise its Renewal Option together with its acceptance of a ROFO Offer in accordance with the terms of this Lease, this clause (4) shall be deemed to be satisfied for purposes hereof (collectively, the "**ROFO Conditions**"), then if at any time any space on the second (2nd) through ninth (9th) floors or the eleventh (11th) and twelfth (12th) floors of the Building (the "**ROFO Floors**") becomes "available for leasing" or is anticipated to become "available for leasing", Landlord shall (i) so notify Tenant (a "**ROFO Notice**") offering Tenant the option to lease the Offered Space in accordance with the terms hereof for a term that shall be co-terminus with the Term of this Lease and at a Fixed Rate Rent equal to the Fair Market Rent for the Offered Space, (ii) identify the space available (the "**Offered Space**"), (iii) set forth the date (the "**Delivery Date**") on which Landlord reasonably anticipates the Offered Space can be delivered to Tenant in accordance herewith and leased pursuant to the exercise by Tenant of its rights under this Section 11.01, (iv) set forth the Fair Market Rent for the Offered Space reasonably determined in good-faith by Landlord as of the date of the ROFO Notice; and (v) describe the condition in which the Offered Space will be upon delivery to Tenant (the "**ROFO Offer**"). Tenant shall, within twenty (20) Business Days after receipt of the ROFO Notice, by written notice (the "**ROFO Election Notice**"), either (I) accept the ROFO Offer (and state in Tenant's notice whether Tenant accepts the Fair Market Rent specified by Landlord in the ROFO Offer for the Offered Space as of the Accepted Offered Space Inclusion Date (hereinafter defined) for the applicable Offered Space, taking into account all then relevant factors, or, if Tenant does not accept such Fair Market Rent, specify Tenant's determination of the Fair Market Rent of the Offered Space), or (II) reject the ROFO Offer, it being understood that Tenant's failure to respond to the ROFO Offer as aforesaid shall be deemed a rejection thereof. Any election by Tenant to accept or reject the ROFO Offer shall be irrevocable. Tenant's option to lease Offered Space under this Section 11.01 shall be referred to herein as the "**ROFO Option**".

(b) If Tenant accepts a ROFO Offer, Landlord and Tenant shall, as soon as reasonably practical after such election, and subject to the terms of clause (d) below, enter into a commercially reasonable amendment to this Lease adding the applicable Offered Space (the "**Accepted Offered Space**") to the Premises for a term commencing on the Accepted Offered Space Inclusion Date and co-terminus with the Term of this Lease and otherwise incorporating the terms contained in the applicable ROFO Notice (or if Tenant does not accept the Fair Market Rent specified by Landlord in any ROFO Offer, then such commercially reasonable amendment

shall be entered into by Landlord and Tenant as soon as reasonably practical after the date of the determination of the Fair Market Rent of such Offered Space as provided in this Section 11.01). Tenant may only accept the entirety of the space offered in the applicable ROFO Offer and shall have no right to accept only a portion thereof. If Tenant accepts the ROFO Offer, the Accepted Offered Space shall be delivered vacant, free of tenancies, broom clean, with all of the Building Systems servicing the Accepted Offered Space up to the point of connection of localized distribution in good working order, and in its otherwise then "as is" condition without representation or warranty by Landlord (the date of such delivery, the "**Accepted Offered Space Inclusion Date**"). Except as otherwise may be expressly provided for in the ROFO Offer, Landlord shall have no obligation to remove improvements made to the Accepted Offered Space prior to delivery to Tenant, whether or not made by Landlord, nor shall Landlord have any obligation to prepare the Accepted Offered Space for Tenant's occupancy; and any work necessary to connect the Accepted Offered Space to the Premises shall be Tenant's responsibility at Tenant's sole cost and expense. Effective as of the Accepted Offered Space Inclusion Date, (I) for purposes of calculating Tenant's Operating Payments and Tenant's Tax Payments attributable to the Accepted Offered Space, (w) the Base Operating Year shall be the calendar year in which occurs the Accepted Offered Space Inclusion Date, (x) the Base Tax Amount shall be the Taxes, as finally determined, for the Tax Year in which occurs the Accepted Offered Space Inclusion Date, and (y) Tenant's Share attributable to the Accepted Offered Space shall be calculated based on the rentable square footage of the Accepted Offered Space and (II) Tenant shall be entitled to an increased amount of condenser water and riser space to service the Accepted Offer Space equal to the lesser of (A) the proportional share thereof attributable to the Accepted Offer Space (based on the rentable square footage of the Accepted Offer Space and the rentable footage of the Building) or (B) the amount thereof then available for use in the Accepted Offer Space. If Tenant accepts the ROFO Offer, a Replacement Letter shall be furnished increasing the amount of the Letter of Credit by an amount equal to the product of (i) the amount of the Letter of Credit that Tenant is then required to provide under this Lease (taking into account any reduction thereto that Tenant may be entitled to pursuant to Section 10.04) divided by the monthly installment of Fixed Rent at the initial rate applicable under this Lease, and (ii) the monthly installment of Fixed Rent at the initial rate under this Lease for the applicable Offered Space.

(c) As used in this Section 11.01, the term "available for leasing" shall mean that Landlord reasonably anticipates that the Offered Space shall be available for Tenant to lease in accordance with the terms of this Section 11.01 after the expiration or earlier termination of the initial lease with respect to such Offered Space (it being agreed and understood that the space on the ROFO Floor that is vacant and not under lease as of the date hereof shall not be considered "available for leasing" unless and until such space is initially leased, whether the same shall occur before or after the date of execution of this Lease, and such initial lease shall expire or earlier terminate). Notwithstanding the foregoing, Tenant's rights under this Section 11.01 shall be subject and subordinate to (A) any fixed expansion option (i.e., an option to lease specified space as of a specified date or within a specified window of time) granted by Landlord prior to or after the date hereof to a tenant of space in the Building, and (B) the renewal or extension of any occupancy of a tenant of space in the Building comprising (x) less than a full floor of the Building pursuant to a renewal option contained in such tenant's lease or (y) one full floor or more of the Building, whether or not pursuant to the exercise of an option or right set forth in such tenant's lease.

(d) If, within sixty (60) days after receipt of the ROFO Notice, Landlord and Tenant fail to reach agreement on the determination of the Fair Market Rent to be paid by Tenant for the applicable Offered Space, then either Landlord or Tenant shall initiate the arbitration proceedings for such determination by notice to the other. Fair Market Rent for any Offered Space shall be determined in the same fashion as Fair Market Rent for the Premises during a Renewal Term as determined pursuant to Section 9.02(d) (other than the introductory clause thereof).

(e) If, pursuant to the preceding provisions of this Section 11.01, the Fair Market Rent for such Offered Space has not been determined as of the actual Accepted Offered Space Inclusion Date thereof, Tenant shall pay on account of Fixed Rent for such Accepted Offered Space Landlord's determination thereof until such final determination is made, with necessary adjustments between Landlord and Tenant to be made retroactively, by credit against the next installment(s) of Fixed Rent becoming due with respect to such Accepted Offered Space, after a final determination of the Fair Market Rent of such Offered Space as provided in this Section 11.01. Fixed Rent with respect to the Accepted Offered Space shall commence to be payable on the actual Accepted Offered Space Inclusion Date thereof.

(f) If Landlord fails or is unable to deliver the entire Offered Space to Tenant in accordance herewith on the Delivery Date thereof as a result of the holding over of the prior tenant or for any other reason (other than Landlord's willful refusal to deliver possession thereof to Tenant after such space has been vacated by the prior tenant thereof), Landlord shall not be subject to any liability whatsoever for such failure or inability to deliver possession, and the exercise of the ROFO Option shall remain effective, but the Fixed Rent and Additional Rent shall not commence with respect to such Accepted Offered Space until the date on which the same is actually delivered to Tenant; provided that if such delivery does not occur by the date that is twelve (12) months following such Delivery Date, Tenant shall have the option to give Landlord notice that it desires to rescind the ROFO Election Notice with respect to such ROFO Option, and if such Delivery Date does not occur by the date that is thirty (30) days after the date that Tenant gives such rescission notice, Tenant shall be deemed to not have been offered the ROFO Offer with respect to such rescinded space (it being understood that, should such rescinded space subsequently become available, Landlord shall deliver to Tenant a ROFO Offer and the rescinded space shall be subject to the terms set forth in this Article 11 as if the same had never been offered to Tenant before under the terms of this Article 11). Landlord will use reasonable efforts to cause the prior tenant to vacate such space on or before the expiration or termination of its lease without holding over (and, if applicable, to minimize the duration of any holding over) including, without limitation, promptly commencing summary dispossess proceedings or reaching an agreement with the existing tenant or occupant which includes a Stipulation of Settlement and a Warrant of Eviction (with a date for such tenant or occupant, as applicable, to vacate that is no later than ninety (90) days following the expiration date of its lease or occupancy agreement).

(g) Notwithstanding anything to the contrary contained herein, if the Delivery Date for any Offered Space offered to Tenant as provided in this Article 11 is such that, upon the occurrence of the Delivery Date (as set forth in the applicable ROFO Notice) there will be less than forty-eight (48) months remaining in the then-applicable Term, then Landlord shall have no obligation to accept a ROFO Election Notice from Tenant, and Tenant shall be deemed

for all purposes to have rejected such ROFO Offer, unless Tenant simultaneously with the delivery of such ROFO Election Notice delivers to Landlord the Renewal Notice and effectively exercises the Renewal Option as provided in Article 11 hereof. Without limiting the restrictions set forth under this Lease, Landlord shall not delay the Delivery Date for any reason, including, without limitation, such that upon the occurrence of the Delivery Date there will be less than forty-eight (48) months remaining in the then-applicable Term.

(h) Notwithstanding any language to the contrary contained herein, if Tenant shall deliver a Contraction Notice to Landlord pursuant to Article 12 hereof, Landlord shall not be obligated to send to Tenant any ROFO Notice with respect to any ROFO Floors and Tenant shall have no rights to lease any Offered Space pursuant to this Article 11, during the period commencing on the delivery of the Contraction Notice and ending twenty-four (24) months thereafter. In no event shall any assignee of this Lease, other than an Affiliate of the Tenant named herein, have any rights to receive a ROFO Notice or to lease any additional space under this Article 11.

(i) In no event shall Landlord be obligated to make any ROFO Offer or enter into any Lease amendment adding any Accepted Offer Space to the Premises if at the applicable time, the ROFO Conditions have not all been met

ARTICLE 12
CONTRACTION RIGHT

Section 12.01 Contraction Terms. For purposes of this Article 12, the following terms shall have the following meanings:

(a) **"Contraction Notice"** shall mean a notice given by Tenant to Landlord in accordance with the provisions of Section 12.02 hereof exercising Tenant's right to terminate this Lease with respect to a portion of the Premises effective as of the last day of the month in which occurs the tenth (10th) anniversary of the Rent Commencement Date (such day is herein called the **"Contraction Date").**

(b) **"Contraction Payment"** shall mean the sum equal to the amount of principal which would remain unpaid as of the Contraction Date with respect to a loan in an original principal amount equal to "Landlord's Transaction Costs" (as herein defined) for the Contraction Premises and which is repaid in equal monthly payments of principal and interest on a direct reduction basis over the term of the Lease with interest at the rate of ten (10%) percent per annum, compounding monthly in advance. For the purposes hereof, **"Landlord's Transaction Costs"** shall be equal to the sum of (a) any free rent provided by Landlord to Tenant, plus (b) the brokerage commission paid by Landlord to the Brokers, plus (c) the attorney's fees incurred by Landlord to prepare and negotiate this Lease, plus (d) the Work Allowance.

(c) **"Option 1 Contraction Premises"** shall mean either the highest floor of the Premises as of the date of Tenant's exercise of the Contraction Right or the two (2) highest contiguous floors in the Premises as of the date of Tenant's exercise of the Contraction Right.

(d) **"Option 2 Contraction Premises"** shall mean the lowest floor in the Premises above the ground floor level of the Building that is contiguous to other space in the Premises as of the date of Tenant's exercise of the Contraction Right.

(e) **"Option 3 Contraction Premises"** shall mean one (1) full floor in the Premises above the ground level of the Building which is not contiguous to any other space within the Premises as of the date of Tenant's exercise of the Contraction Right.

(f) **"Contraction Premises"** shall mean the portion of the Premises Tenant elects to surrender pursuant to this Article 12, which portion may only comprise the Option 1 Contraction Premises, the Option 2 Contraction Premises, or the Option 3 Contraction Premises, as designated by Tenant in the Contraction Notice. Any Contraction Notice which fails to designate the Contraction Premises shall be null, void and of no force or effect.

Section 12.02 Contraction Right and Notice. The Tenant named herein or any assignee which is an Affiliate of the Tenant named herein shall have a one-time right to terminate this Lease (herein called the **"Contraction Right"),** with respect only to the Contraction Premises, effective as of 11:59 p.m. on the Contraction Date provided that (i) Tenant gives to Landlord the Contraction Notice no earlier than the first day of the month in which occurs the date that is 27 months prior to the Contraction Date and no later than the last day of the month in which occurs the date that is fifteen (15) months prior to the Contraction Date (the **"Notice Deadline"),** (ii) this Lease has not theretofore been terminated, and (iii) Tenant shall have paid to Landlord the Contraction Payment within thirty (30) days after the Notice Deadline.

Section 12.03 Delivery of Premises Upon Contraction. If Tenant exercises its rights under this Article 12, Tenant shall, on or before the Contraction Date, deliver to Landlord possession of the Contraction Premises vacant and broom clean, free of all tenancies and occupancies of parties claiming by or through or under Tenant and/or encumbrances created by Tenant (or by any party claiming by or through or under Tenant), and otherwise in accordance with the terms, covenants and conditions of this Lease, including the removal of Specialty Alterations, as if the Contraction Date were the date originally scheduled for the expiration of the Term for the Contraction Premises.

Section 12.04 Obligations and Liabilities. Notwithstanding any partial termination of this Lease by Tenant under the provisions of this Article 12, Tenant and Landlord shall each remain liable to satisfy all of its obligations under the terms, covenants and conditions of this Lease which have accrued up to and including the Contraction Date, which obligations shall survive the Contraction Date, and Tenant shall remain liable for any amounts with respect to the Contraction Premises for which Tenant may be liable under Section 6.10 hereof (as if any reference in such Section to the "Premises" shall be deemed to be referring to the "Contraction Premises" and any reference to the "Expiration Date" shall be deemed to be referring to the **"Contraction Date")** if Tenant does not surrender the Contraction Premises on or before the Contraction Date in accordance with the terms of this Article 12.

Section 12.05 Lease Modification. Landlord and Tenant shall utilize good faith efforts to promptly execute a modification to this Lease, in form reasonably satisfactory to both Landlord and Tenant, which shall confirm the exercise of Contraction Right by Tenant, the

appropriate reductions in Tenant's Operating Share, Tenant's Tax Share, the amount of condenser water available to Tenant, and the amount of the Security Deposit (which shall be proportionately reduced). In no event shall either party's failure to so execute such a modification affect this Lease or the validity of the otherwise duly exercised Contraction Right by Tenant or be a default by either such party under this Lease.

Section 12.06 Building Systems. If Tenant exercises the Contraction Right, then prior to the Contraction Date, Tenant shall, at Tenant's sole cost and expense, (x) disconnect and cap (in a commercially reasonable manner) any infrastructure or supplemental systems or telecommunication connections between (i) the Contraction Premises and the balance of the Premises and (y) cap all applicable Building Systems (including, without limitation, electrical, chilled water, HVAC and back-up power systems) at the point where the horizontal distribution meets the vertical distribution on the floor(s) on which the Contraction Premises are located, in each such case, with all work coordinated with Landlord if and to the extent such work would affect any Building Systems serving any portion of the Building outside of the Premises.

Section 12.07 Restrictions on Contraction Rights. Notwithstanding any language to the contrary contained herein, this Article 12 shall be null and void if Tenant shall exercise (and not effectively rescind as set forth under this Lease) its rights pursuant to Article 11 or Article 13 of this Lease to include additional space within the Premises during the twenty-four (24) month period immediately preceding Tenant's exercise of Tenant's Contraction Right hereunder. In no event shall any assignee of this Lease, other than an Affiliate of the Tenant named herein have any rights to exercise Tenant's Contraction Right under this Article 12, provided that Tenant's assignees, subtenants, licensees, and permitted occupants shall be permitted to benefit from Tenant's or such Affiliate's exercise of Tenant's Contraction Right hereunder.

ARTICLE 13
OPTION PREMISES

Section 13.01 Definitions. For purposes hereof, the following terms shall have the following meanings:

"First Option Premises" shall mean the area designated by Landlord in Landlord's sole discretion and specified in Landlord's First Option Space Notice which shall comprise 15,000 to 25,000 contiguous rentable area on any floor of the Building which Landlord shall cause to be available to be leased to Tenant and shall deliver same thereto in accordance herewith, all at some time between the fifth (5th) and seventh (7th) anniversaries of the Rent Commencement Date.

"Second Option Premises" shall mean the area designated by Landlord in Landlord's sole discretion and specified in Landlord's Second Option Space Notice which shall comprise 15,000 to 25,000 contiguous rentable area on any floor of the Building which Landlord shall cause to be available to be leased to Tenant and shall deliver same thereto in accordance herewith, all at some time between the tenth (10th) and eleventh (11th) anniversaries of the Rent Commencement.

"First Option Designation Notice" shall mean the notice sent by Landlord to Tenant designating the location, rentable square foot area, and the Landlord's good-faith reasonable determination of the Fair Market Rent, for the First Option Premises, together with the date on which Landlord anticipates delivering the First Option Premises to Tenant in accordance with the terms hereof (such date, the **"First Option Premises Delivery Date").**

"Second Option Designation Notice" shall mean the notice sent by Landlord to Tenant designating the location, rentable square foot area, and the Landlord's good-faith reasonable determination of the Fair Market Rent, for the Second Option Premises, together with the date on which Landlord anticipates delivering the Second Option Premises to Tenant in accordance with the terms hereof (such date, the **"Second Option Premises Delivery Date").**

"Option Criteria" shall mean that Tenant is the Named Tenant, is leasing the entire Premises initially demised hereunder and occupying at least 75% of the initially demised Premises, the Lease is in full force and effect, Tenant is not in default under the Lease beyond all applicable notice and cure periods upon the date of Tenant's exercise hereunder, and Tenant has a net worth equal to or greater than the Minimum Net Worth.

Section 13.02 First Option. (a) Provided that Tenant meets the Option Criteria, Tenant shall have the right (herein called the **"First Option"),** to be exercised by written notice (herein called **"Tenant's First Election Notice")** given to Landlord not later than the date which is thirty (30) days after the date the First Option Designation Notice is sent by Landlord, to add to the Premises the First Option Premises designated by Landlord in such First Option Designation Notice upon the terms hereof and for a term to be co-terminus with the Term of this Lease. Landlord shall send the First Option Designation Notice at least one hundred eighty (180), but not more than three hundred sixty-five (365), days prior to the First Option Premises Delivery Date. The First Option Premises shall be added to and included in the Premises on the date on which possession of the entirety of such First Option Premises is delivered to Tenant vacant, broom clean, free of all tenancies, occupancies, and third-party rights, with all of the Building Systems servicing the Accepted Offered Space up to the point of connection of localized distribution in good working order, and in its otherwise then "as is" condition (herein called the **"First Option Space Inclusion Date."** Landlord shall have no obligation to remove improvements made to the First Option Space prior to delivery to Tenant, whether or not made by Landlord, nor shall Landlord have any obligation to prepare the First Option Space for Tenant's occupancy; and any work necessary to connect the First Option Space to the balance of the Premises shall be Tenant's responsibility at Tenant's sole cost and expense. Landlord shall cause the First Option Space Inclusion Date to occur on or prior to the First Option Premises Delivery Date. If the First Option Space Inclusion Date does not occur by the First Option Premises Delivery Date as a result of the holding over of the prior tenant or for any other reason (other than Landlord's willful refusal to deliver possession thereof to Tenant after such space has been vacated by the prior tenant thereof), Landlord shall not be subject to any liability whatsoever for such failure or inability to deliver possession, and the exercise of the First Option shall remain effective, but the date upon which Fixed Rent and Additional Rent shall commence with respect to such First Option Premises (the **"First Option Space Rent Commencement Date")** shall not occur until the date on which the same is actually delivered to Tenant. Landlord will use reasonable efforts to cause the prior tenant to vacate such space on or before the expiration or termination of its lease without holding over (and, if applicable, to minimize the

duration of any holding over) including, without limitation, promptly commencing summary dispossess proceedings or reaching an agreement with the existing tenant or occupant which includes a Stipulation of Settlement and a Warrant of Eviction (with a date for such tenant or occupant, as applicable, to vacate that is no later than ninety (90) days following the expiration date of its lease or occupancy agreement). In the event of such holdover, Landlord shall also have the right at any time to substitute comparable space for the First Option Space. Notwithstanding anything to the contrary set forth in this Lease, (i) if the First Option Inclusion Date does not occur by the First Option Premises Delivery Date and substitute comparable space has not been offered to Tenant, Landlord shall pay Tenant any and all holdover payments made by any occupant or tenant of the First Option Premises or portion thereof, which is in excess of the Fixed Rent and Additional Rent that Tenant would have paid for such First Option Premises, or portion thereof; and (ii) unless Landlord shall offer Tenant space elsewhere in the Building substantially similar to the First Option Premises, then if the First Option Inclusion Date does not occur by the date that is the twelve (12) months following the First Option Premises Delivery Date, Tenant shall have the option to rescind the First Election Notice by giving notice to Landlord thereof, in which event the First Option Premises shall be deemed not to have been delivered as required hereunder.

Section 13.03 First Election Notice.

(a) If Tenant does not give (or fails to timely give) a Tenant's First Election Notice pursuant to the provisions of this Article 13, Landlord shall thereafter be entitled to lease all of the First Option Premises to others at such rental and upon such terms and conditions as Landlord in its sole discretion may desire.

(b) If Tenant exercises its option in accordance with the provisions of this Article 13 to include the First Option Premises within the Premises, the First Option Premises will be added to the Premises on the First Option Premises Inclusion Date.

Section 13.04 Second Option. (a) Provided that the Option Criteria is met, Tenant shall have the right (herein called the **"Second Option"),** to be exercised by written notice (herein called **"Tenant's Second Election Notice")** given to Landlord not later than the date which is thirty (30) days after the date the Second Option Designation Notice is sent by Landlord, to add to the Premises the Second Option Premises designated by Landlord in such Second Option Designation Notice upon the terms hereof and for a term to be co-terminus with the Term of this Lease. Landlord shall send the Second Option Designation Notice at least one hundred eighty (180), but not more than three hundred sixty-five (365), days prior to the Second Option Premises Delivery Date. The Second Option Premises shall be added to and included in the Premises on the date on which possession of the entirety of such Second Option Premises is delivered to Tenant vacant, broom clean, free of all tenancies, occupancies, and third-party rights, with all of the Building Systems servicing the Accepted Offered Space up to the point of connection of localized distribution in good working order, and in its otherwise then "as is" condition (herein called the **"Second Option Space Inclusion Date."** Landlord shall have no obligation to remove improvements made to the Second Option Space prior to delivery to Tenant, whether or not made by Landlord, nor shall Landlord have any obligation to prepare the Second Option Space for Tenant's occupancy; and any work necessary to connect the Second Option Space to the balance of the Premises shall be Tenant's responsibility at Tenant's sole cost

and expense. Landlord shall cause the Second Option Space Inclusion Date to occur on or before the Second Option Premises Delivery Date. If the Second Option Space Inclusion Date does not occur by the Second Option Premises Delivery Date as a result of the holding over of the prior tenant or for any other reason (other than Landlord's willful refusal to deliver possession thereof to Tenant after such space has been vacated by the prior tenant thereof), Landlord shall not be subject to any liability whatsoever for such failure or inability to deliver possession, and the exercise of the Second Option shall remain effective, but the date upon which Fixed Rent and Additional Rent shall commence with respect to such Second Option Premises (the **"Second Option Space Rent Commencement Date")** shall not occur until the date on which the same is actually delivered to Tenant. Landlord will use reasonable efforts to cause the prior tenant to vacate such space on or before the expiration or termination of its lease without holding over (and, if applicable, to minimize the duration of any holding over) including, without limitation, promptly commencing summary dispossess proceedings or reaching an agreement with the existing tenant or occupant which includes a Stipulation of Settlement and a Warrant of Eviction (with a date for such tenant or occupant, as applicable, to vacate that is no later than ninety (90) days following the expiration date of its lease or occupancy agreement). In the event of such a holdover, Landlord shall have the right at any time to substitute comparable space for the Second Option Space. Notwithstanding anything to the contrary set forth in this Lease, (i) if the Second Option Inclusion Date does not occur by the Second Option Premises Delivery Date and substitute comparable space has not been offered to Tenant , Landlord shall pay Tenant any and all holdover payments made by any occupant or tenant of the Second Option Premises or portion thereof, which is in excess of the Fixed Rent and Additional Rent that Tenant would have paid for such First Option Premises, or portion thereof, as applicable; and (ii) unless Landlord shall offer Tenant space elsewhere in the Building substantially similar to the Second Option Premises, then if the Second Option Inclusion Date does not occur by the date that is the twelve (12) months following the Second Option Premises Delivery Date, Tenant shall have the option to rescind the Second Election Notice by giving notice to Landlord thereof, in which event the Second Option Premises shall be deemed not to have been delivered as required hereunder.

Section 13.05 Second Election Notice.

(a) If Tenant does not give (or fails to timely give) a Tenant's Second Election Notice pursuant to the provisions of this Article 13, Landlord shall thereafter be entitled to lease all of the Second Option Premises to others at such rental and upon such terms and conditions as Landlord in its sole discretion may desire.

(b) If Tenant exercises its option in accordance with the provisions of this Article 13 to include the Second Option Premises within the Premises, the Second Option Premises will be added to the Premises on the Second Option Premises Inclusion Date.

Section 13.06 Option Lease Terms. The Fixed Rent with respect to the First Option Premises or Second Option Premises, as the case may be, shall be the Fair Market Rent, taking into account all then relevant factors for such First Option Premises or Second Option Premises, respectively as of the date which is two (2) months prior to the inclusion of the applicable Option Premises within the Premises demised by this Lease. Effective as of the First Option Premises Inclusion Date or the Second Option Premises Inclusion Date, as applicable, for purposes of

calculating Tenant's Operating Payments and Tenant's Tax Payments attributable to the First Option Premises or the Second Option Premises, as the case may be: (w) Tenant shall be entitled to a proportionate increase (based on the increased rentable square footage of the Premises) of the amount of condenser water and riser space available to Tenant to service the First Option Premises or the Second Option Premises, as applicable (x) the Base Operating Year shall be the calendar year in which occurs the First Option Premises Inclusion Date or the Second Option Premises Inclusion Date, as applicable, and/or (y) the Base Tax Amount shall the Taxes for the calendar year in which occurs the First Option Premises Inclusion Date or the Second Option Premises Inclusion Date, as applicable, and (z) a Replacement Letter shall be furnished increasing the amount of the Letter of Credit by an amount equal to the product of (i) the amount of the Letter of Credit that Tenant is then required to provide under this Lease (taking into account any reduction thereto that Tenant may be entitled to pursuant to Section 10.04) divided by the monthly installment of Fixed Rent at the initial rate applicable under this Lease, and (ii) the monthly installment of Fixed Rent at the initial rate under this Lease for the First Option Premises or the Second Option Premises, as the case may be.

Section 13.07 Fair Market Rent. In the event Tenant disputes the good-faith reasonable determination of Fair Market Rent for the First Option Premises or Second Option Premises, as applicable, as determined by Landlord, then at any time on or before the date occurring thirty (30) days after Tenant has been notified by Landlord of such applicable Landlord's determination of the Fair Market Rent, Tenant may elect to have the Fair Market Rent determined in accordance with the arbitration process set forth in Section 9.02(c), (d), and (e) hereof, with references in said Section 9.02(c), (d), and (e) being deemed revised as the context may require (i.e., references in said Section 9.02(c), (d), and (e) to each Extension Term shall be deemed replaced by references to the then remaining Term, and references in Section 9.02(c), (d), and (e) to the Extension Premises shall be deemed replaced by references to the applicable First Option Premises or Second Option Premises. If Tenant fails to initiate the arbitration process within the aforesaid thirty (30) day period, then Landlord's determination of the Fair Market Rent for the applicable Option Premises shall be conclusive.

Section 13.08 Option Amendments. Landlord and Tenant shall utilize good faith efforts to promptly execute a modification to this Lease, in form reasonably satisfactory to both Landlord and Tenant, which shall confirm the terms and conditions of Tenant's leasing of each the First Option Premises and the Second Option Premises, if applicable, pursuant to the terms and conditions of this Article 13, provided, however, either party's failure to so execute such a modification shall in no way affect this Lease or the terms and conditions applicable to the First Option Premises and/or the Second Option Premises or be a default by either such party under this Lease.

Section 13.09 Subletting of Option Space. Notwithstanding any language to the contrary contained herein, Landlord shall not be obligated to send Tenant a First Option Designation Notice or Second Option Designation Notice if the Lease has been assigned to an entity which is not an Affiliate of Tenant.

ARTICLE 14
ARBITRATION

Section 14.01 Arbitration. Any dispute, controversy or claim which, pursuant to the terms of this Lease, expressly allows such dispute to be resolved by arbitration, shall be submitted to final and binding arbitration in New York, New York, administered by "JAMS, The Resolution Experts" (or any organization which is the successor thereto) **("JAMS")** in accordance with JAMS Streamlined Arbitration Rules and Procedures in effect at that time (or, if JAMS is no longer in existence, then administered by the AAA under the Expedited Procedures of its Commercial Arbitration Rules in effect at that time). The place of arbitration will be New York, New York (USA). Either party may request arbitration of any arbitrable matter in dispute. The party desiring such arbitration shall give notice to the other party. If the parties shall not have agreed on a choice of an arbitrator within fifteen (15) days after receiving notice of commencement of arbitration from JAMS or AAA, then each party shall, within ten (10) days thereafter appoint an arbitrator chosen from the list of available neutrals provided by JAMS or AAA, and advise the other party of the arbitrator so appointed. A third arbitrator shall, within ten (10) days following the appointment of the two (2) arbitrators, be appointed by the two arbitrators so appointed or by JAMS or AAA, if the two arbitrators are unable, within such ten (10) day period, to agree on the third arbitrator. If either party fails to appoint an arbitrator (herein called the **"Failing Party"),** the other party shall provide an additional notice to the Failing Party requiring the Failing Party's appointment of an arbitrator within five (5) Business Days after the Failing Party's receipt thereof. If the Failing Party fails to notify the other party of the appointment of its arbitrator within such five (5) Business Day period, the appointment of the second arbitrator shall be made by JAMS or AAA in the same manner as hereinabove provided for the appointment of a third arbitrator in a case where the two arbitrators appointed hereunder are unable to agree upon such appointment. The three (3) arbitrators, who shall have the sole authority to rule on their own jurisdiction, including any challenges or objections with respect to the threshold issue of whether the claims asserted are arbitrable, shall render a resolution of said dispute or make the determination in question. In the absence, failure, refusal or inability of JAMS or AAA to act within twenty (20) days, then either party, on behalf of both, may apply to a Justice of the Supreme Court of New York, New York County, for the appointment of the third arbitrator, and the other party shall not raise any question as to the court's full power and jurisdiction to entertain the application and make the appointment. In the event of the absence, failure, refusal or inability of an arbitrator to act, a successor shall be appointed within ten (10) days as hereinbefore provided. Any arbitrator acting under this Article 14 in connection with any matter shall be experienced in the field to which the dispute relates, and shall have been actively engaged in such field for a period of at least ten (10) years before the date of his appointment as arbitrator hereunder.

Section 14.02 Arbitrators. All arbitrators chosen or appointed pursuant to this Article 14 shall (x) be sworn fairly and impartially to perform their respective duties as such arbitrator, (y) not be an employee or past employee of Landlord or Tenant or of any other person, partnership, corporation or other form of business or legal association or entity that controls, is controlled by or is under common control with Landlord or Tenant and (z) in the case of the third arbitrator, never have represented or been retained for any reason whatsoever by Landlord or Tenant or any other person, partnership, corporation or other form of business or legal association or entity that controls, is controlled by or is under common control with Landlord or

Tenant. Within sixty (60) days after the appointment of such arbitrator(s), such arbitrator(s) shall determine the matter which is the subject of the arbitration and shall issue a written opinion and shall determine the prevailing party, or issue a determination that there is no prevailing party. The decision of the arbitrator(s) shall be conclusively binding upon the parties, and an award of an arbitrator rendered pursuant to the provisions of this Article 14 and may be enforced in accordance with the laws of the State of New York.

Section 14.03 Landlord and Tenant. Landlord and Tenant agree to sign all documents and to do all other things necessary to submit any such matter to arbitration and further agree to, and hereby do waive, any and all rights they or either of them may at any time have to revoke their agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder. For such period, if any, that this agreement to arbitrate is not legally binding or the arbitrator's award is not legally enforceable, the provisions requiring arbitration shall be deemed deleted, and matters to be determined by arbitration shall be subject to litigation shall be subject to litigation in a court of competent jurisdiction located in New York, New York (USA).

Section 14.04 Expedited Arbitration. In cases where, pursuant to the terms of this Lease, the parties are expressly allowed to utilize expedited arbitration, including, without limitation, to determine the reasonableness of a party in withholding a consent or approval: (i) if the arbitrator(s) shall find that a party acted unreasonably in withholding or delaying a consent or approval, such consent or approval shall be deemed granted (but the arbitrator(s) shall not have the right to award damages), and (ii) the losing party in such arbitration shall pay the arbitration costs charged by JAMS and/or the arbitrator(s), together with the reasonable counsel fees and disbursements incurred by the prevailing party in connection with such arbitration.

Section 14.05 Answer All Questions. The arbitrator(s) shall, in rendering any decision pursuant to this Article 14, answer only the specific question or questions presented to them. In answering such question or questions (and rendering their decision), the arbitrator(s) shall be bound by the provisions of this Lease, and shall not add to, subtract from or otherwise modify such provisions.

Section 14.06 Provisions. The provisions of this Article 14 shall not be applicable to any arbitration conducted pursuant to Section 2.02, Section 2.01, Article 9, Article 11, or Article 13 hereof (except, in each case, as may be expressly set forth therein). Any disputes, controversies or claims arising out of or relating to this Lease, other than those disputes, controversies or claims which, pursuant to the terms of this Lease are to be resolved by arbitration, are expressly excluded from arbitration and shall be subject to litigation in a court of competent jurisdiction located in New York, New York (USA).

ARTICLE 15
TENANT'S LOBBY DESK RIGHTS

Section 15.01 Lobby Desk. If and for so long as Tenant meets the Named Tenant Requirement, Tenant shall have the right, at Tenant's sole cost and expense but at no additional charge from Landlord, to exclusively use a portion, reasonably designated by Landlord, of the security/concierge desk (the **"Lobby Desk")** in the lobby of the Building, as a station for a

concierge staffed by Tenant to exclusively process visitors to Tenant's Premises. Landlord shall furnish electric power and IT connections to the Lobby Desk. Notwithstanding the forgoing, for the purposes of this Section 15.01, during the period from the Commencement Date through December 31, 2023 (and only during such period), the Named Tenant Requirement shall be that Peloton Interactive, Inc. and/or its Affiliates lease at least 250,000 rentable square feet, is not leasing or marketing to sublease any space on the 9th or 10th floors of the Building and is not marketing to sublease space in the Premises which would when aggregated with space then being subleased by Tenant, constitute more than two full floors on the fourth (4th) through eighth (8th) floors of the Building.

Section 15.02 Lobby Desk Personnel. (a) Tenant shall, at Tenant's sole cost, train and employ the personnel manning Lobby Desk on Tenant's behalf, and Tenant shall cause such personnel to comply with any reasonable rules and regulations promulgated by Landlord with respect to the use and operation of the Lobby Desk, and the uniform of such personnel shall be subject to Landlord's reasonable approval. Tenant shall ensure that the personnel manning the Lobby Desk on Tenant's behalf perform their duties in a first class manner consistent with the first class nature of the Building. In no event shall Tenant's personnel interfere with the use of the Lobby Desk by Landlord and its employees and contractors.

(a) **Lobby Desk Sign.** Tenant shall be permitted to maintain a sign identifying Tenant on the Lobby Desk (herein called **"Tenant's Lobby Desk Sign")** as shown on Exhibit M annexed hereto, which Tenant's Lobby Desk Sign shall not be more than 50" wide by 14" inches high. Except with respect to Tenant's Lobby Desk Sign, Tenant shall not have the right to make any alterations to the Lobby Desk.

[Remainder of Page Blank; Signature Page to Follow]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first written above.

Landlord: **CBP KH 441 Ninth Avenue Owner LLC**

By: /s/ Kevin Hoo
Name: Kevin Hoo
Title: Authorized Signatory

Tenant: **Peloton Interactive, Inc.**

By: /s/ John Foley
Name: John Foley
Title: CEO

Tenant's Federal Tax I.D. No.: [***]

EXHIBIT A

DESCRIPTION OF LAND

ALL that certain plot, piece or parcel of land, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of West 35th Street and the westerly side of Ninth Avenue;

RUNNING THENCE southerly along the said westerly side of Ninth Avenue, 197 feet 6 inches to the corner formed by the intersection of the said westerly side of Ninth Avenue and the northerly side of West 34th Street;

THENCE westerly along the northerly side of West 34th Street, 201 feet 5 inches;

THENCE northerly parallel with the westerly side of Ninth Avenue, 98 feet 9 inches to the center line of the block between West 34th Street and West 35th Streets;

THENCE easterly along said center line of the block, 1 foot 5 inches;

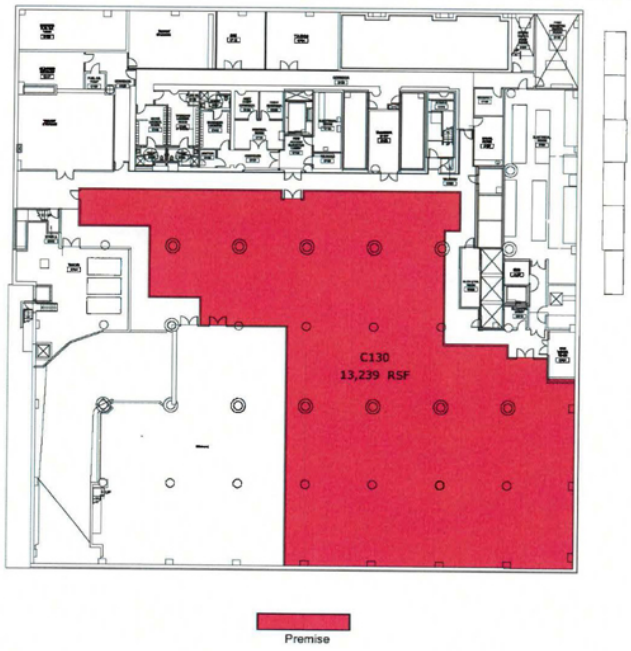
THENCE northerly parallel with the westerly side of Ninth Avenue, 98 feet 9 inches to the southerly side of West 35th Street;

THENCE easterly along the southerly side of West 35th Street, 200 feet to the point or place of BEGINNING.

EXHIBIT B

PREMISES FLOOR PLANS

(ALL DIMENSIONS ARE APPROXIMATE)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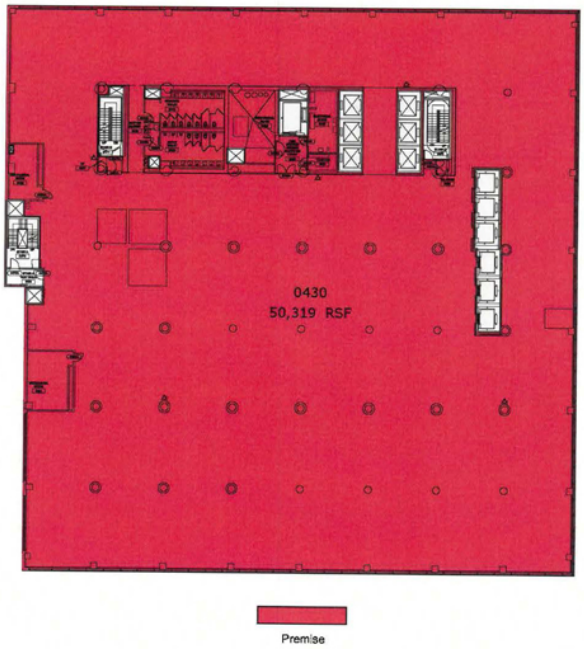
Premise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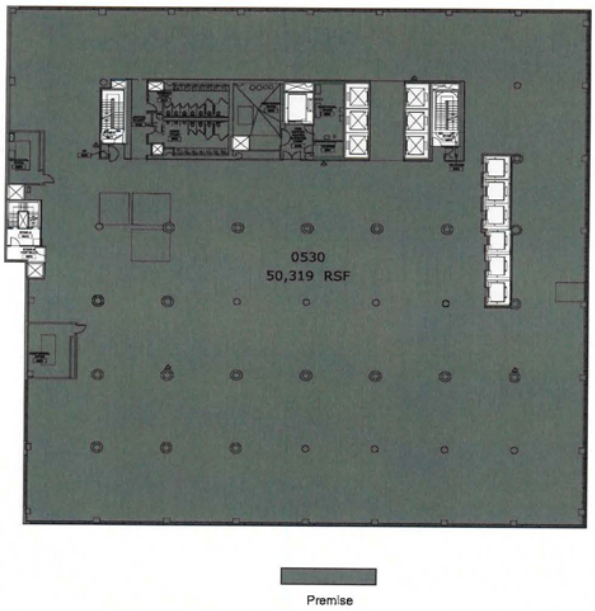
Premise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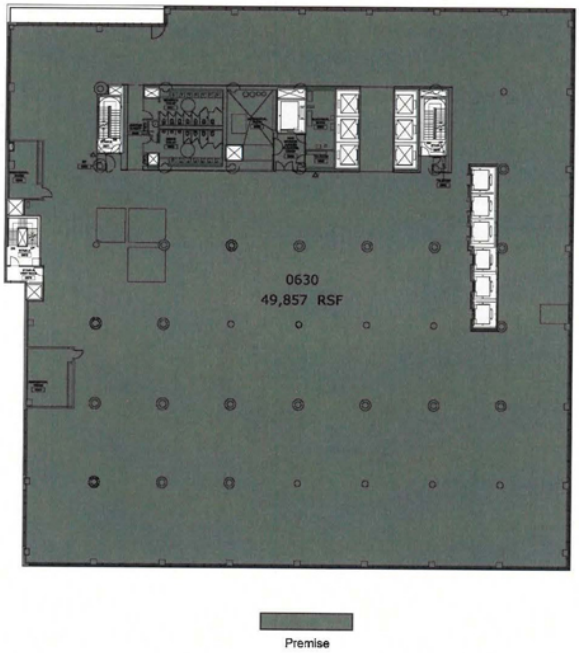
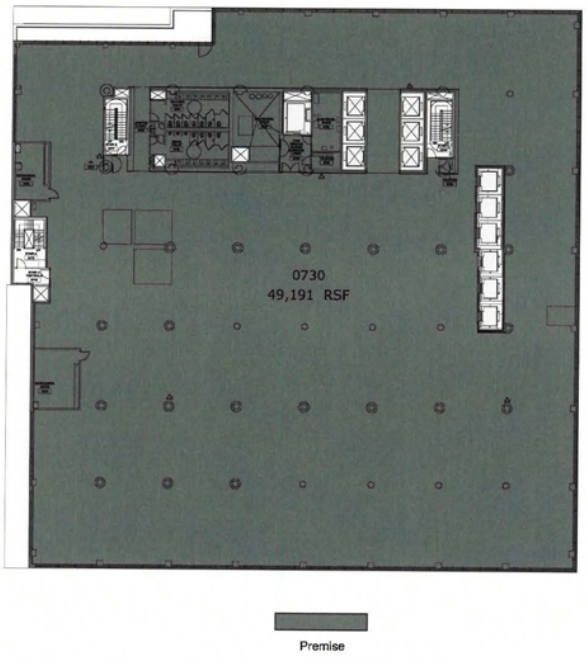


Premise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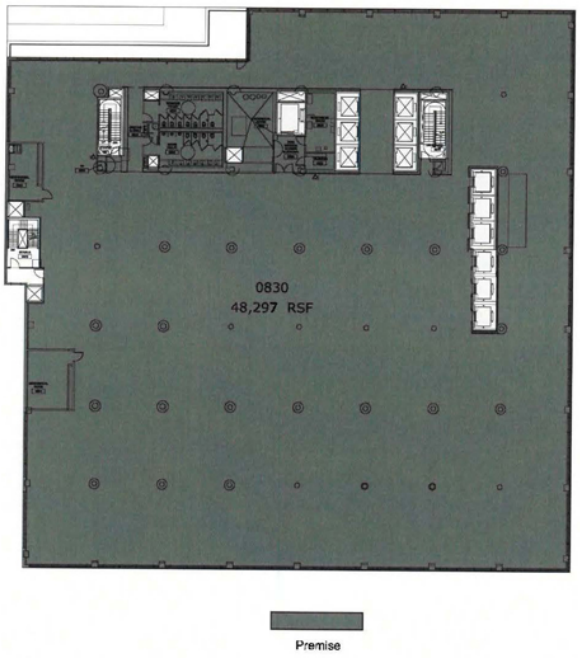
Premise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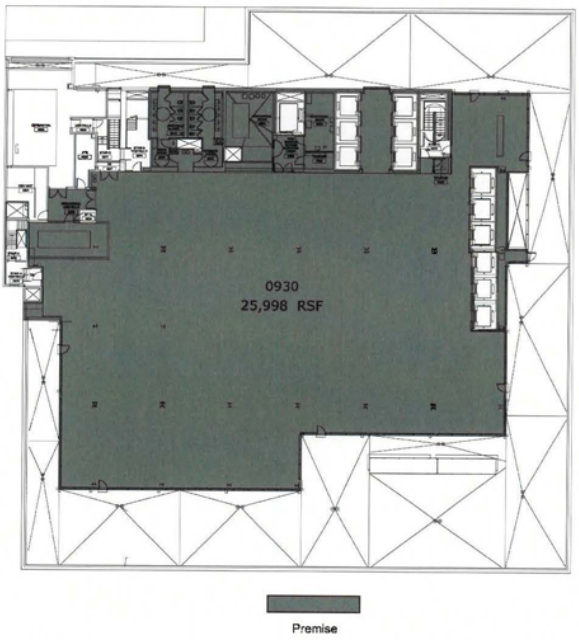
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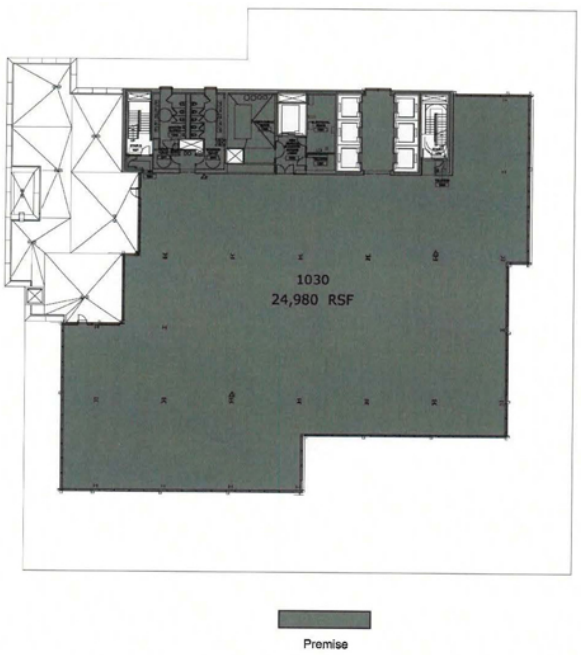
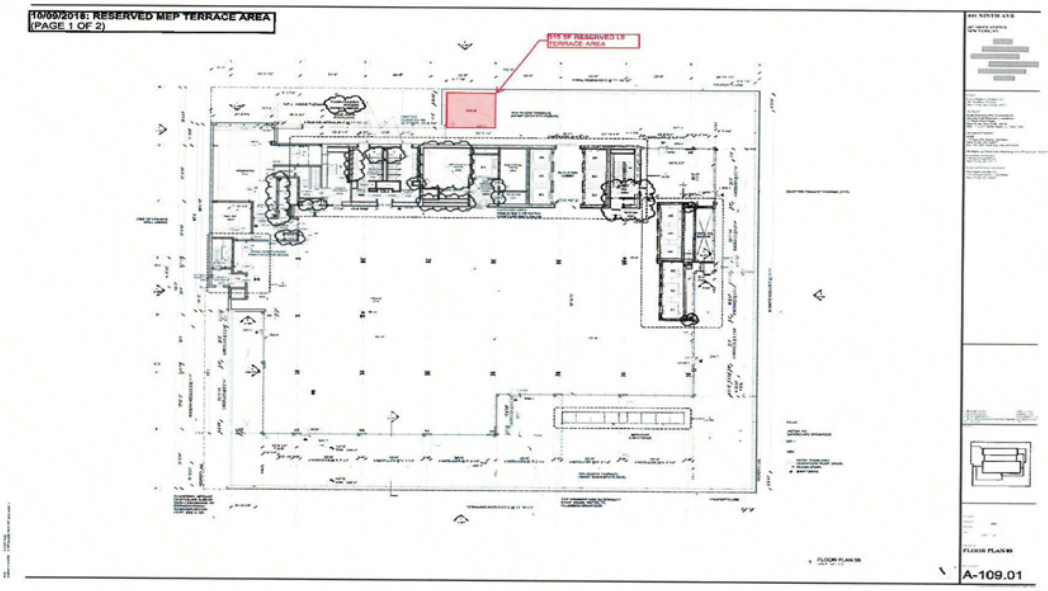
Premise

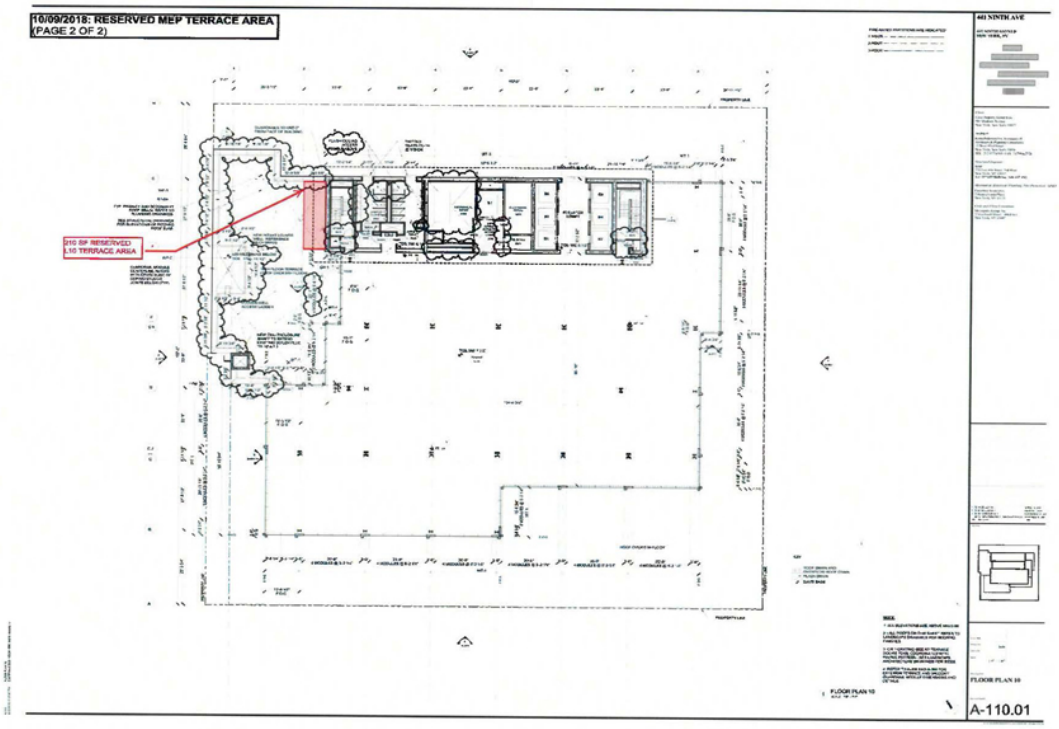


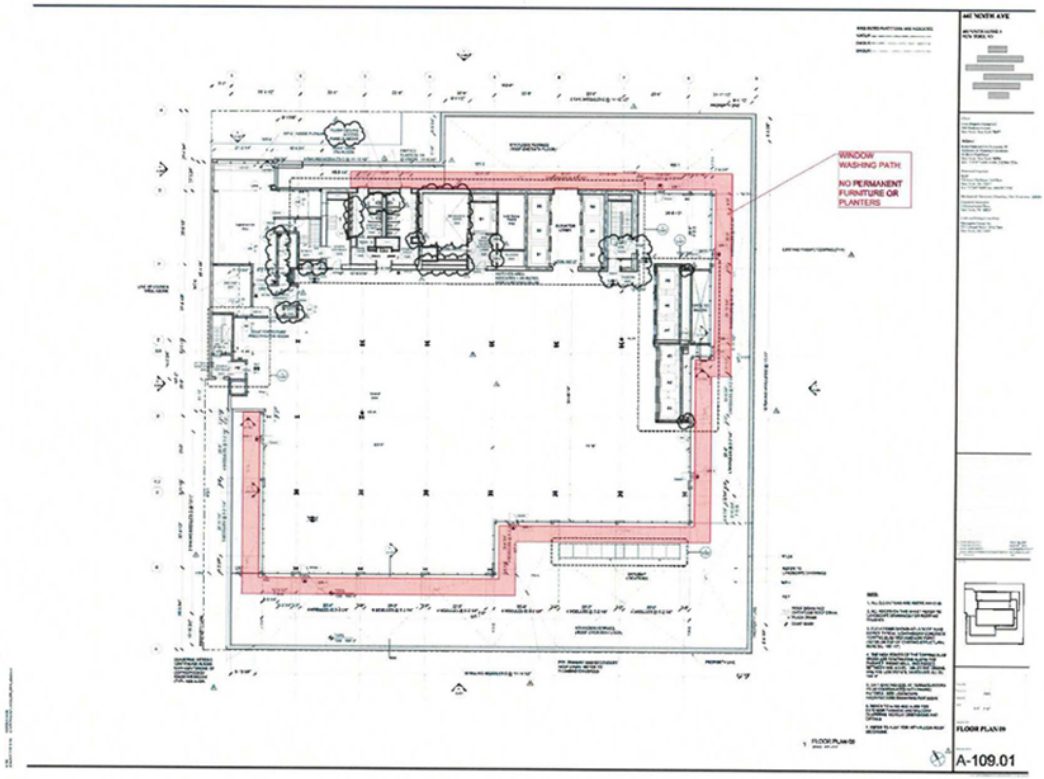
Premise

EXHIBIT B-1

RESERVED TERRACE AREA




10/09/2018: RESERVED MEP TERRACE AREA
(PAGE 2 OF 2)
210 SF RESERVED
L10 TERRACE AREA
441 NINTH AVE
FLOOR PLAN 10
A-110.01


WINDOW WASHING PATH
NO PERMANENT FURNITURE OR PLANTERS
A-109.01

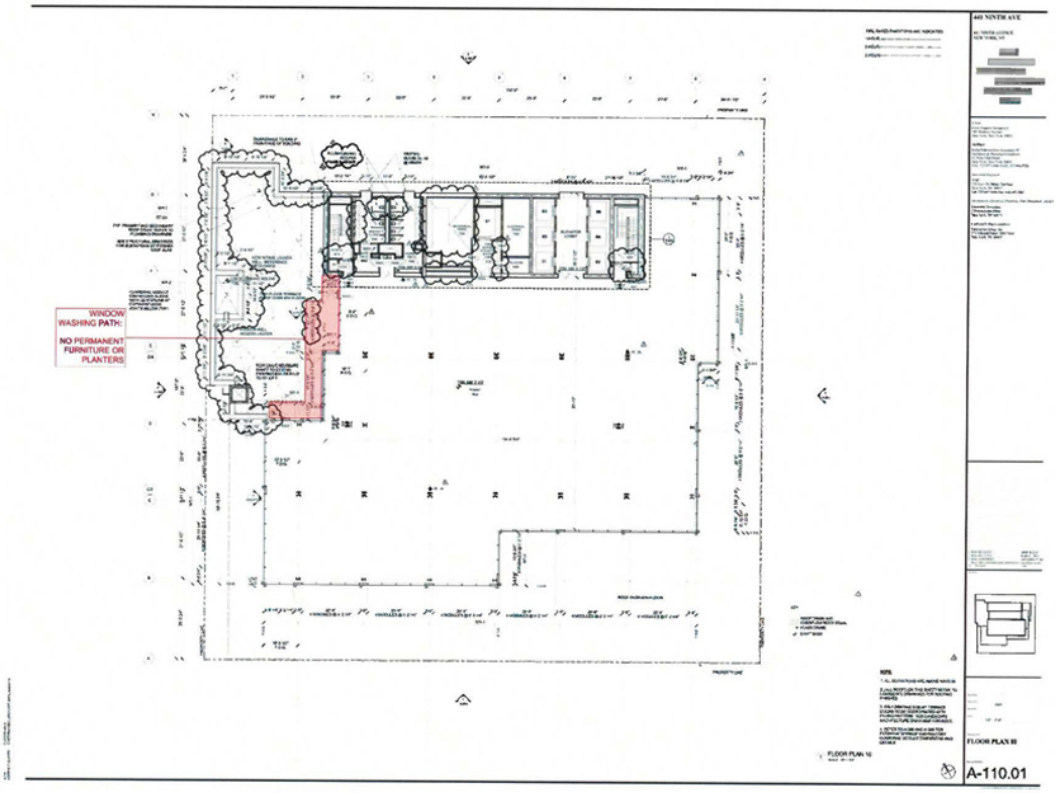

WINDOW WASHING PATH:
NO PERMANENT FURNITURE OR PLANTERS
440 NINTH AVE
FLOOR PLAN 10
FLOOR PLAN 10
A-110.01

EXHIBIT B-2

WARMING KITCHEN LOUVRE

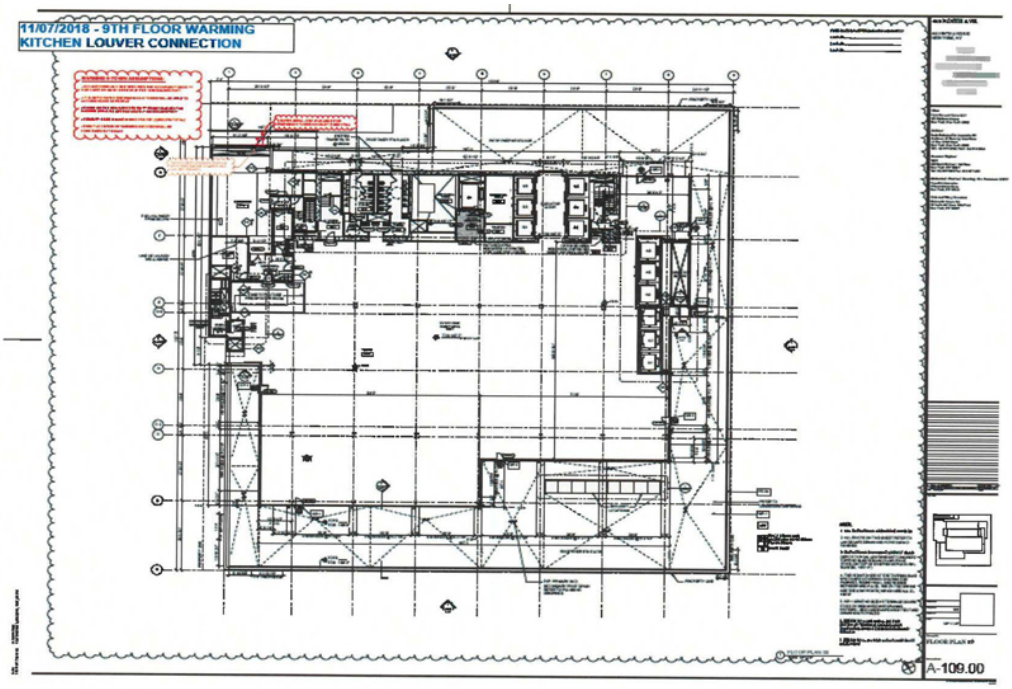


EXHIBIT B-3

SATELLITE LOCATION

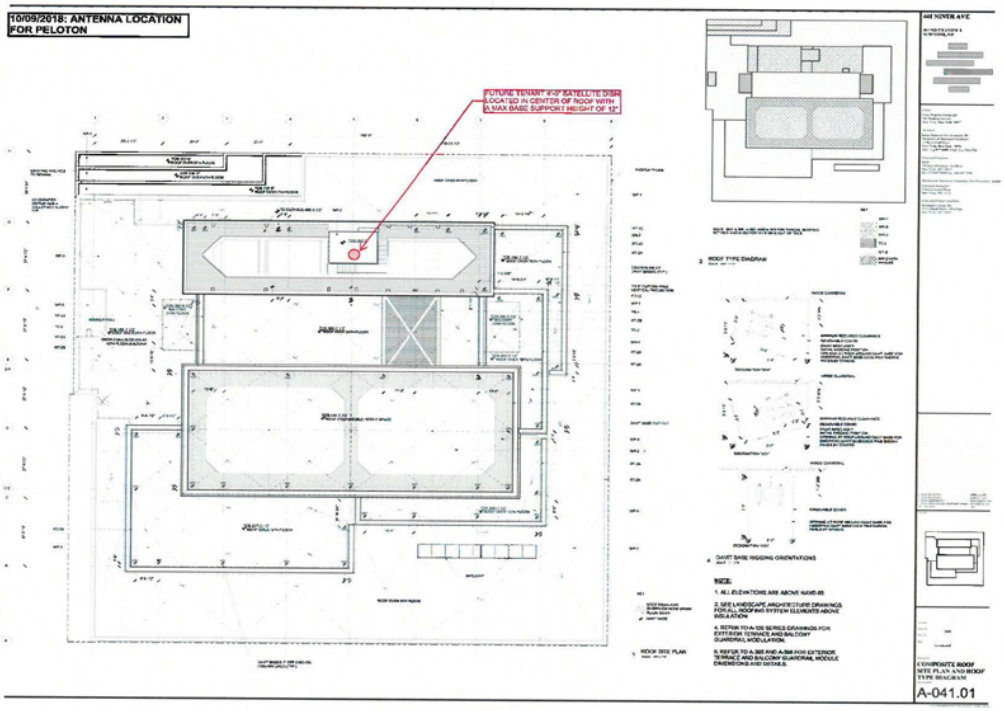


EXHIBIT C

BUILDING RULES AND REGULATIONS

To the extent any rule or regulation set forth in the Building Rules and Regulations conflicts with the terms and provisions of the Lease, then the terms and provisions of the Lease shall govern and control.

1. Exterior: No awnings or other projections shall be attached to the outside walls of the Building except as expressly set forth in the Lease. No curtains, blinds, shades, screens or other obstructions shall be attached to or hung in or used in connection with any exterior window or entry door of the Premises other than Building standard window shades.

2. Signs: No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed to any part of the outside of the Premises or Building or on the inside of the Premises if the same can be seen from the outside of the Premises without the prior written consent of Landlord. Lettering on doors, if and when approved by Landlord, shall be inscribed, painted or affixed for Tenant, at Tenant's sole cost and expense, in a Building. In the event of the violation of the foregoing by any Tenant, Landlord may remove the same without any liability, and may charge the expense incurred by such removal to Tenant or Tenants violating this rule. In the event of any damage caused as a result of removing any such signage, Landlord may repair the same and may charge the expense incurred by such repair to Tenant.

3. Light and Air: The grills, louvers, skylights, windows and doors that reflect or admit light and/or air into the Premises, halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the window sills, radiators or convectors.

4. Advertisement: Landlord shall have the right to prohibit any advertising by Tenant on or around the Building which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a Building for offices, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

5. Pathways: The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by Tenant or used for any purpose other than ingress or egress to and from the Premises and for delivery of merchandise, equipment and other personal property in prompt and efficient manner, using elevators and passageways designated for such delivery by Landlord.

6. Locks: Except in those areas designated by Tenant as "security areas", all locks or bolts of any kind shall be operable by the Grand Master Key or via card key. No locks shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in locks or the mechanism thereof that shall make such locks inoperable by said Grand Master Key or card key. Tenant shall, upon the termination of its tenancy, turn over to Landlord all keys/cards for the Premises, either furnished to or otherwise procured by Tenant and in the event of the loss of any keys/cards furnished by Landlord, Tenant shall pay to Landlord the actual cost thereof. Tenant is responsible for the cost of its employees' initial and replacement security cards. Tenant shall pay as additional charges Landlord's standard charge for supplying each such security card.

7. Doors: Tenant shall keep the entrance door to the Premises closed at all times.

8. Packages and Delivery: All removals or the carrying in or out of any freight, furniture, packages, boxes, crates or any other object or matter of any description must take place during Building standard hours, provided, that Tenant may arrange for the same to take place outside of Building standard hours at Tenant's cost, so long as Tenant coordinates same with Landlord; provided, further, that nothing in these Building Rules and Regulations shall modify the terms of the Lease. Landlord reserves the right to inspect all objects and matter to be brought into the Building and to exclude from the Building all objects and matter which violates any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part. Landlord may require that any person leaving the public areas of the Building with any package, object or matter submit a pass, listing each package, object or matter being removed, but the establishment and enforcement of such requirement shall not impose any responsibility on Landlord for the protection of Tenant against the removal of property from the Premises.

9. Prohibitive Storage: Tenant shall not use the freight elevator lobby and/or fire exit corridor located on each floor as a storage area. Landlord has the right to remove all material and equipment stored in the freight elevator lobby in the event Tenant fails to remove such items upon proper notification by Landlord. The Tenant shall be charged for the removal and disposal of same

10. Loading Docks: The loading docks for the Buildings may be used only for loading and unloading procedures. Tenants may not use the loading dock area for parking. Tenant may not place any dumpsters at the loading docks or any other portion of the Buildings without the prior written approval of Landlord except as provided in the Lease.

11. Deliveries: There shall not be used in any space or in the public halls of the Building, either by Tenant or by jobbers or any others in the moving or delivery or receipt of safes, freight, furniture, packages, boxes, crates, paper, office material or any other matter or thing, any hand trucks except those equipped with rubber tires, side guards and such other safeguards as Landlord requires.

12. Landlord shall have the right to require that all messengers and other persons delivering packages, papers and other material (to include food deliveries) to Tenants through the lobby or other public entry to the Building (i) be directed to deliver such packages, papers and other material to a person designated by Landlord (e.g. to the Building Messenger Center) who will distribute the same to Tenant or (ii) be escorted by a person designated by Landlord to deliver the same to Tenant. Landlord reserves the right to designate a specific area for food deliveries and related transactions to occur directly between the tenant and the delivery person.

13. Post Office Mail: Landlord shall not be responsible for the delivery and pick up of all mail from the United States Post Office.

14. Building Access: None of Tenant's employees, visitors or contractors shall be permitted to have access to the Building's roof, mechanical, electrical or telephone rooms without permission from Landlord.

15. Noise: Tenant shall not make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring Buildings or premises or those having business with them.

16. Flooring: Tenant shall not lay floor tile, or other similar floor covering so that the same shall come in direct contact with the floor of the Premises and, if such floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor by a paste or other material, soluble in water, the use of cement or other similar adhesive material being expressly prohibited. Notwithstanding anything to the contrary set forth herein and/or the Lease or other exhibits, Tenant shall be permitted to use tile or stone in a mudset.

17. Hazardous Materials: Neither Tenant nor any of Tenant's servants, employees, agents, visitors or licensees shall at any time bring or keep upon the Premises any hazardous or toxic materials, foul or noxious gas or substance, inflammable, combustible or explosive fluids, chemicals or substances except such minimal quantities as are incidental to normal office or retail occupancy.

18. Acceptable Use: Tenant shall not permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of unreasonable noise, odors, or vibrations or interfere in any way with other tenants or those having business therein.

19. Mold: Tenant shall immediately notify Landlord if, to Tenant's knowledge, conditions occur that would promote mold growth on or near the Premises, or if Tenant finds any mold growth on or near the Premises.

20. Cooking: Except as expressly set forth in the Lease, Tenants shall not do any cooking, conduct any restaurant, luncheonette of cafeteria for the sale or service of food or beverage to its employee or to others, or cause or permit any odors of cooking or other processes or any unusual or objectionable odors to emanate from the Premises that would annoy other tenants or create a public or private nuisance.

21. Kitchen Equipment: The installation and use of Underwriters ' Laboratory approved microwave oven or equipment for brewing coffee, tea, hot chocolate and similar beverages and installation of other kitchen equipment (if otherwise permitted by the terms of the Lease) shall be permitted provided that (i) such equipment and use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations and (ii) such use is only for the use of Tenant's employees and invitees. Notwithstanding the above, toaster ovens in office pantries are prohibited unless otherwise approved by Landlord.

22. Alcoholic Beverages: Except as expressly set forth in the Lease, tenant shall not serve or permit the serving of alcoholic beverages in its Premises unless Tenant shall have procured host liquor liability insurance, issued by companies and in amounts reasonably satisfactory to Landlord, naming Landlord and such other parties as Landlord shall reasonably require as additional insureds.

23. Vending Machines: Tenant may, at its sole cost and expense and subject to compliance with all applicable requirements of the Lease, install and maintain vending machines for the exclusive use by Tenant, its officers, employees and business guests, provided that each machine, where necessary, shall have a waterproof pan thereunder and be connected to a drain. Tenant shall not permit the delivery of any food or beverage to the Premises, except by persons approved by Landlord, which approval shall not be unreasonably withheld or delayed.

24. Electric Heaters: The use of electric space heaters by tenants or its occupants, vendors, clients, etc within the premises is strictly prohibited.

25. Roof Devices: Tenant shall not install any radio or television antenna, satellite dish, loud speaker or other devices on the roof or exterior of the Building or the Premises unless expressly approved in the Lease by Landlord. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere and shall prevent noise from transmitting beyond the Premises.

26. Cleaning: Tenant shall not employ any person or persons other than its own employees or the janitor of Landlord for the purpose of cleaning the Premises, unless otherwise agreed to by Landlord in writing.

27. Waste: Tenant shall store all its trash, garbage and recyclables within its Premises in its appropriate receptacles in cooperation with the Landlord to ensure compliance with all recycling laws in effect at present or to be enacted in the future. No material shall be disposed of which may result in a violation of any requirement, law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entranceways and elevators provided for such purposes and at such times as Landlord shall designate. Tenant shall use Building's hauler.

28. Lighting for Services: Tenant shall, at its expense, provide artificial light for the employees of Landlord while doing janitor service or other cleaning, and in making repairs or alterations in the Premises.

29. Bathrooms: The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed and no sweepings, rubbish, rags, acids or other substances shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant, if Tenant's servants, employees, agents, visitors or licensees shall have caused the same.

30. Leaving Condition: Tenant, before closing and leaving the Premises at any time, shall see that all lights, water, faucets, etc., are turned off. All entrance doors in the Premises shall be left locked by Tenant when the Premises are not in use.

31. Vehicles & Bicycles: No vehicles (including bicycles) or shall be brought into or kept in or about the Premises or the Building, subject to Buildings law (local law 52-2009), unless otherwise approved in the Lease. Tenant shall have the right to use designated bicycle storage spaces in the Building for bicycle storage. Tenant shall access such storage space only via the freight entrance and freight elevator in the Building.

32. Animals: No animals (including fish and birds) of any kind (except for Service Animals) shall be brought into or kept in or about the Premises or the Building.

33. Canvassing: Canvassing, soliciting and peddling in the Building is prohibited and Tenant shall cooperate to prevent the same.

34. Lodging Use: The Premises shall not be used for lodging or sleeping or for any immoral or illegal purpose.

35. Manufacturing Use: The Premises shall not be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods or property of any kind at auction or otherwise, except as specifically permitted by the Lease.

36. Prohibitive Use: Tenant shall not occupy or permit any portion of the Premises as an office for a public stenographer or public typist or for the possession, storage, manufacture or sale of narcotics or tobacco in any form or as a barber or manicure shop or as an employment bureau. Tenant shall not engage or pay any employees on the Premises, except those actually working for Tenant on the Premises, nor advertise for labor giving an address at the Premises.

37. Services: Tenant shall not accept barbering or boot blacking services in the Premises, from any company or persons not approved by Landlord, which approval shall not be unreasonably withheld, and at hours and under regulations other than as reasonably fixed by Landlord.

38. Tenant Requirements: The requirements of Tenant will be attended to only upon written application at the office of the building, except in the event of any emergency condition. Employees of Landlord or Landlord’s agents shall not perform any work or do anything outside of the regular duties, unless under special instructions from the office of Landlord or in response to an emergency condition.

39. Consent to Work: Tenant shall not mark, paint, drill into or in any way deface any part of the Premises or the Building, except with the prior written consent of Landlord in the case of the Premises, which consent shall be granted or withheld in accordance with the Lease to the extent such consent is required thereunder. No boring, cutting or stringing of wires shall be permitted, except with prior written consent of Landlord, and as Landlord may direct. Prior to another tenant taking possession of any portion of the Building, Tenant may perform trenching and core drilling work during any hours of the day, subject to Landlord’s reasonable consent. Once another tenant has taken possession of any portion of the Building, notwithstanding any prior Landlord consent, Landlord shall have sole discretion with respect to the hours in which Tenant may perform trenching and core drilling work.

40. Tenant Access: Landlord reserves the right to exclude from the Building between the hours of 6 P.M. and 8 A.M. and at all hours on Saturdays, Sundays and holidays, except as otherwise set forth in the Lease, observed by the Building all persons who do not present a pass to the Building signed or approved by Landlord, which approval shall not be unreasonably withheld. Tenant shall be responsible for all persons for whom a pass shall be issued at the request of Tenant and shall be liable to Landlord for all acts of such persons.

41. Access Liability: Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Any person whose presence in the Building at any time shall, in the judgment of Landlord, be prejudicial to the safety, character, reputation and interests of the Building or of its tenants may be denied access to the Building or may be ejected therefrom. In case of invasion, riot, public excitement or other commotion, Landlord may prohibit all access to the Building during the continuance of the same, by closing doors or otherwise, for the safety of the tenants or protection of property in the Building. Landlord shall, in no way, be liable to Tenant for damages or loss arising from the admission, exclusion or ejection of any person to or from the Premises or the Building under the provisions of this rule. Landlord may require any person leaving the Building through the lobby or other public entry with any package or other to exhibit a pass from the tenant from whom premises the package or object is being removed, but the establishment or enforcement of such requirement shall not impose any responsibility on Landlord for the protection of Tenant against the removal or property from the Premises of Tenant.

42. Window Cleaning: Tenant will not clean nor require, permit, suffer or allow any window in the Premises to be cleaned from the outside of the Building.

43. Window Operation for HVAC: Tenant agrees to keep all windows closed at all times and to abide by all rules and regulations issued by Landlord with respect to such services.

44. Insurance: Landlord reserves the right to require proof of insurance (including workers compensation insurance) in amounts and format acceptable to Landlord from all vendors, contractors, delivery or moving and storage companies requesting access to the Building. Landlord reserves the right to refuse access to the Building to any such vendor, contractor, delivery or moving and storage company who fails to produce an insurance certificate evidencing such proof of insurability.

45. Rules and Regulations: These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease. In the event of any conflict between any provisions in the Lease (and/or any rights or benefits granted Tenant thereunder) and these Rules and Regulations, the provisions set forth in the Lease shall control.

46. Waivers: Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

47. Non-Observance: Landlord shall not be responsible to Tenant or to any other person for the non-observance or violation of these Rules and Regulations by any other tenant or other person. Tenant shall be deemed to have read the Rules and Regulations and to have agreed to abide by them as a condition to its occupancy of the Premises.

48. Changes: Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order in and about the Building and the operation thereof.

EXHIBIT C-1

TENANT ALTERATION RULES AND REGULATIONS

1. Building Department permits to be provided to Building Management Office prior to tenant construction.
2. Certificate of Occupancy to be submitted to Building Management Office prior to tenant occupancy.
3. No construction is to be started until architectural, MEP Engineering design drawings and load letters have been submitted and approved by Building Management Office and are NYC Code Compliant.
4. All work to comply with those authorities having jurisdiction.
5. Any work that is to be performed outside of the tenant's premises must be reviewed and scheduled in advance with Building Management Office.
6. A kickoff meeting is to be held prior to the start of any work to review the job. A representative from the tenant, contractor, architect, and engineer office should be present for this meeting.
7. Access to Landlord's electrical, telephone, fire alarm and mechanical rooms shall be by Building Management Office / Building Staff.
8. Any area that is affected outside of the tenant's demised space must be restored to the original condition at tenant's expense.
9. All public areas such as elevator lobbies, corridors, bathrooms, and service halls shall be protected with masonite and craft paper and film-tex to the satisfaction of the Building Management Office.
10. All public and Landlord's common areas must be continuously cleaned to prevent the accumulation of dust and other construction debris.
11. All windows and doors surrounding the work area shall be kept closed at all times.
12. Noise, vibrations, odors, etc. generated by construction activities to be kept to a minimum as not to disturb existing tenants. Dragging of ladders, dropping materials shall be avoided over occupied floors. Heavy core drilling or significant noise must be performed on off hours.
13. Clear access to be provided at all times to stairwells, mechanical/electrical rooms and equipment, elevators, fire hoses, valves, fire dampers and maintenance sensitive equipment.

14. Construction materials are not to be stored in corridors and must be located within the demised space.

15. The Contractor is responsible for the daily maintenance of the construction area.

16. The contractor shall meet the NYC Code Chapter 14 guidelines, Fire Safety During Construction, Alteration and Demolition.

17. Contractor shall conform to end enforce all OSHA rules and regulations for the intended work.

18. Contractor to obtain any Hot Work Permits necessary for brazing and welding required for the intended work.

19. Any additional cleaning by the building staff, if required, shall be charged to the tenant.

20. All material deliveries and removals are to be scheduled through the Building Management Office and Security. Under no circumstances is any material, equipment parts, scrap, etc., to be taken out of the building or sold.

21. Any Landlord's equipment are to be protected from damage and debris.

22. Any Landlord's equipment that is damaged in any way must be repaired immediately by the Landlord's contractor at tenant's expense.

23. Equipment specification sheets are to be submitted to the Building Management Office upon completion of the build out.

24. All valid permits should be submitted to Building Management Office as required by jurisdiction having authority, including equipment use and/or operating permits, licenses, etc.

25. Any revisions to drawings and specifications must be NYC Code Compliant and resubmitted to Building Management Office for comments and/or approval.

26. All as built drawings must be submitted, electronic and hard copy, to the Building Management Office upon project completion, and prior to final payment.

27. Construction personnel must carry proper identification at all times.

28. Construction personnel are not allowed on passenger elevators. The freight elevator must be used at all times to access or egress the work area. Construction personnel shall not use Landlord's stairwells to access other floors unless an emergency situation arises or as approved by Building Management Office.

29. Construction personnel are not to eat in any common areas including lobbies, staircases, pantries, storage rooms, etc.

30. All work will be performed in a safe and lawful manner. and will comply with city, state, and federal laws.

31. Adequate, OSHA minimum, lighting is to be provided in construction area to achieve a safe working environment.

32. Proper supervision shall be maintained on the job site at all times. Tenant's Workmen, mechanics, and contractors must not cause inconvenience or interfere with the routine and ordinary management and operation of the Building.

33. Contractors who work in areas with ACM shall have restricted handling license.

34. If additional services or facilities (including but not limited to an extra elevator and cleaning services) are required for the performance of the work, Tenant will be charged for such additional services. All such services or facilities shall be coordinated with Building Management Office.

35. Building Management Office must be notified in advance of all building system tie-ins, any welding, or any work affecting the Landlord's or other tenant spaces unless agreed to otherwise. All tie-ins to Landlord's risers will be performed on off hours and supervised by Engineering or Electrical Staff and reimbursed by the Tenant.

36. Building Management Office must be notified in advance of the following work. This work must NOT be done on standard time and not during normal business hours unless approved by Building Management Office and Tenant:

    - Demolition which per Building Management Offices' judgment may cause disruption to other tenants.
    - Oil base painting
    - Gluing of carpeting
    - Shooting of studs for mechanical fastenings
    - Testing of life safety system, sprinkler tie-ins.
    - Work performed outside of tenant's premises.
    - Welding, brazing, soldering and burning with proper fire protection and ventilation.
    - Other activities that, in Building Management Offices' judgment, may disturb other tenants.
    - Power shutdowns.

37. Where burning operations are required, the operator of the burning equipment shall have a certificate of fitness prominently displayed on the job site. During burning operations a person holding certificate of fitness as a Watch, shall be in attendance. Where required, approved protective blankets and fire extinguishers shall be supplied by the contractor. Where welding is required, the contractor shall furnish a fused disconnect switch, for connection to the local building electrical panel by the electrical contractor. Building Staff will also be required for fire watch.

38. All building shutdowns—electrical, plumbing, HVAC equipment, Fire & Life Safety (Class "E") System—must be on off hours and coordinated with Building Management Office in advance.

39. Adherence to all requirements of the Americans with Disabilities Act (ADA) is required.

40. Locking hardware is to be keyed per building standards.

41. Any fail-safe hardware must conform to building standards.

42. Any unusually heavy equipment (vaults, batteries, a/c units, transformers, storage racks, etc.) supported by floor or hung from ceiling are subject to structural engineer's approval. Any area, such as pantry, lavatory, etc. that is prone to water leakage shall be waterproofed.

43. Provide for the required fireproofing or fire-stopping resulting from the renovation efforts.

44. Any tie-in to the Landlord's Fire & Life Safety (Class "E") system must be performed by the Landlord's contractor. All new systems to be compatible to Landlord's systems. All fire plenum wiring to have minimum rating of 200 degrees C.

45. Where demolition is to take place in the area of the building where fire safety equipment such as alarms, speakers, smoke detectors, floor warden stations, etc. are located, Building Management Office must be notified three (3) working days prior to start of demolitions so equipment may be removed or protected.

46. All fire safety equipment and the associated conduit and wiring system shall not be harmed during demolition and/or any construction and shall be protected from any physical damage.

47. All Fire & Life Safety (Class "E") System tie-ins must be signed off by the proper authorities.

48. Perform the legally required maintenance and testing of fire alarm systems. This includes, New York City Fire Department "Rules Governing the Requirements for the Maintenance of Smoke Detection, Requirements for Log Books, and Required Connections to Authorized Central Stations" are to be adhered to. Proof of compliance to be submitted to Building Management Office.

49. Sprinkler system design should be in accordance with Factory Mutual standards.

50. Sprinkler protection should remain in service as long as possible during construction. Tenant shall not be required to drain the temporary sprinkler loop while performing its construction work.

51. Distributing ample hand-extinguishing equipment throughout the premises should provide adequate supplementary fire protection. The 15 to 20 lb. multipurpose dry-chemical extinguisher is recommended. Until sprinkler protection can be placed in service, hose lines should be connected in areas where construction is in progress. Hydrants, hose connections, and other fire fighting equipment must be readily accessible at all times—never blocked by construction materials.

52. Any existing fire walls, fire doors, and other cutoffs should be left in service as long as possible during construction.

53. Combustible rubbish should be disposed of promptly and safely. Strict rules and an adequate number of cleanup personnel are essential to facilitate the removal of accumulations of paper wrappings, scrap lumber, and other construction rubbish. Prompt disposal is particularly needed for material subject to spontaneous ignition, such as oily waste and paint rags. Any combustible item must be stored in NFPA approved canister.

54. Probable ignition sources should be controlled. Smoking is not permitted.

55. Combustibles should not be introduced until full sprinkler protection is in service.

56. The Building Management Office should be notified when the automatic sprinkler control valves are shut, no matter what the duration is.

57. Architect to add appropriate building note stating either 1) sprinkler work obviates the need for classification and is in compliance with local law 5/73 or 2) the area is appropriately classified and the work is in compliance with local law 5/73. (NY Properties only)

58. Fire extinguishers supplied by the general contractor must be on the job site at all times during demolition and construction.

59. All unused plumbing, sheet metal ducts, and equipment lines must be removed and capped at the main riser or branch connection. Add cable and electric lines.

60. All plumbing connections are to be in compliance with the Department of Environmental Protection Cross-Connection Control Unit.

61. A valve tag chart and schedule for the plumbing piping and the HVAC piping are to be submitted to the Building Management Office.

62. Asbestos-containing Material (ACM) is present in many commercial buildings The presence of ACM does not necessarily mean that a hazard exist, however, a hazard may be created when ACM is disturbed and asbestos fibers become airborne. The way to maintain a safe environment is to avoid the disturbance of the asbestos-containing materials.

63. It is possible that you may encounter ACM while working within this building. The Building Management Office possesses a summary of known locations of ACM or suspected ACM as you carry out your work. If you need additional information regarding ACM in this building or would like to see a copy of the Operations and Maintenance Plan, contact the Building Management Office.

64. All plumbing connections shall be performed at times least inconvenient to other tenant populations. Schedule all tie-in to the Landlord's system with the Building Management Office.

65. If ACM abatement is required, due to tenant plumbing, etc. connection, abatement will be performed.

66. All piping systems shall be copper and adequately supported from the 'building" structure and be provided with identification labels with water flow every 20 feet.

67. All valves shall be 1/4 turn type, i.e., ball valves, butterfly valves, lubrication plug, chocks.

68. Piping systems shall be insulated per New York State Energy requirements.

69. Woodwork, cabinetwork, and furniture/partitions along the perimeter wall of the building at the convector cover locations must be easily removable and maintain a proper distance to ensure adequate air circulation and access for maintenance. Tenant will assume responsibility for the function maintenance and operations if tenant's installation causes obstruction and impedes access.

70. Tenant to comply with the 1990 Clean Air Act and subsequent amendments covering CFC refrigerants: Release, testing, repair, installation, training, serving, etc. Refrigerants containing CFC's are not permitted.

71. Condenser water piping shall follow Building Management Office requirements and designed to meet or exceed the working pressure.

72. The cleaning of condenser water pipes shall be done in the presence of the Building Management Office's representative with the chemical used per the building's chemical treatment company's recommendation.

73. All air balancing to be witnessed by the Chief Engineer of the building or his representative. A certified report is to be provided to the Building Management Office.

74. Ductwork shall be constructed in accordance to the SMACNA HVAC duct construction standards.

75. All mechanical and electrical equipment shall have permanent identification labels affixed.

76. Food facilities shall be constructed in accordance with New York State and New York City Health Codes. Food facilities shall have a current New York City Health Permit BEFORE operation of food facility and shall have a current New York City Food Protection Certificate.

77. Food facility refuse and refuse odors must not be a nuisance to tenants or affect Building Management Office operations.

78. Kitchen exhaust electrostatic precipitator access doors must be clearly identified and accessible for periodic inspection by Building Management Office and outside maintenance provider as required by law.

79. Grease traps are to be cleaned weekly and available for Building Management inspection.

80. Remove all abandoned cabling. Remove all abandoned electrical and telecommunication cabling and conduit back to the source.

81. All electrical feeders and branch circuits shall be for Building Management Office. All wiring to be copper with the following insulation: THHN, THWN, XHHW. All electrical wiring should be run in conduit. MC cable is approved for hung ceiling and sheetrock wall installations.

82. GFI type receptacles shall be used in wet areas.

83. Tenant’s power and telecommunication cabling between contiguous floors shall not be routed through Landlord’s risers, unless approved by Building Management Office.

84. All telecommunication cabling in common areas, mechanical equipment rooms, etc. shall be installed in an enclosed raceway and shall be identified.

85. Emergency egress and exit lighting to be installed in compliance with applicable Building Department regulations, inclusive of LED lighting where appropriate, and Landlord’ s requirements.

86. Transformers, panel boards (double hinged covers), switches, etc. shall be installed as to permit infrared testing of components.

87. Transformers to be copper wound, K-13.

88. Lighting design shall adhere to New York Energy code regulations and guidelines. Upon completion of the electrical work, the licensed electrical contractor must submit to Building Management Office a copy of the Certificate of Electrical Inspection for all work performed including the installation of emergency lighting if applicable.

89. Contractor, at their sole cost and expense, correct any disturbance, deficiency or damage to the air-conditioning or other mechanical, electrical or structural facility within the Building caused or affected by the work and restore the services without delay and to the complete satisfaction of Building Management Office, its architects and engineers.

90. Architect and engineer to determine from Building Management Office in advance regarding format of all plans (e.g. scale, AutoCAD, etc.)

91. At no time shall a Contractor do or permit anything to be done, whereby our property may be subject to any mechanic's lien or other liens or encumbrances arising out of the work; and our consent herein shall not be deemed to constitute any consent or permission to do anything which may create or be the basis of any lien or charge against the Property in the demised premises or the real estate of which they are a part. On-going partial general release and final Waiver of Lien to be obtained with progress payments.

92. Intentionally Omitted

93. The architect, engineer, contractor, and any and all sub-contractors that may engage to perform all or any portion of the work shall, at their sole cost and expense, and at all times while performing work hereunder, maintain the required insurance coverage listed in the project contract documents with companies satisfactory to Building Management Office. A certificate evidencing the coverage, specifically quoting the Indemnification provision set forth by the Contract must be delivered prior to commencement of work.

94. The failure of any contractor or sub-contractor to keep the required insurance policies in force during the performance of the work covered by this agreement, any extension thereof of any extra or additional work contracted to be performed by such contractor or sub-contractor shall be a breach of this agreement, and in such event, Building Management Office shall have the right, in addition to any other rights, to immediately cancel and terminate this agreement without further costs to Building Management Office.

95. Nothing herein contained shall be deemed to supersede and/or contradict any article, provision, and/or amendment to the officially executed contract agreement in effect upon inception of these alterations.

EXHIBIT C-2

BID PACKAGE

ICAP REQUIREMENTS FOR CONTRACTORS & SUBCONTRACTORS

The subject property participates in the New York City Industrial and Commercial Abatement Program ("ICAP").

A requirement for participation in ICAP is that all contractors and subcontractors must report their contract to the New York City Department of Small Business Services/Division of Labor Services ("DLS"). This submission must be made with DLS at least 15 business days before a contractor or subcontractor starts working. We recommend that the submission be made at least 30 days prior to the start of work.

All contracts must include special language regarding the participation in the ICAP program.

A contractor with a contract of $1,000,000 or higher must complete and file a Construction Employment Report ("CER"), maintain an Equal Employment Opportunity ("EEO") Policy as stated by Article 22 of the ICAP Rules and Executive Order No. 50, maintain a Sexual Harassment Policy, attend a Pre-Award Meeting with DLS, provide Weekly Payroll Reports and provide a Monthly Workforce Utilization Report which shows workers' sex and ethnicity.

A contractor with a contract value of less than $1,000,000 must submit a "Less Than $1,000,000 Subcontractor Certificate." Contractors who file this certificate will not need a Pre-Award Meeting.

Local Law 67 of 2008 requires that all ICAP beneficiaries include City-Certified Minority and Women-Owned Business Enterprises ("M/WBE") in construction projects for which tax abatements are granted. All ICAP Applicants must reach out to M/WBE firms for the process of promoting contracting opportunities on the project and an ICAP M/WBE Compliance Report must be submitted.

ICAP Applicants must maintain records indicating which outreach activities they performed, keep detailed records of the outreach activities accessible at their place of business, list at least three (3) M/WBE firms that were solicited to perform subcontracting work for each trade contract issued, which responded and which, if any were awarded;

Outreach activities may include:

- Advertised opportunities to participate in the project in general circulation media, trade and professional association publication, small business media, and publications of M/WBE organizations;
- Providing written notices of specific opportunities to M/WBE firms inviting their participation;

- Holding meetings with M/WBE firms prior to the date their bids or proposals were due, for the purpose of explaining in detail the scope and requirements of the work for which their bids or proposals were solicited;
- Making efforts to negotiate with M/WBE firms to perform specific subcontracts, or act as suppliers or service providers;
- Making timely requests to the NYC Department of Small Business Services for help locating certified M/WBE firms;
- Attempting to identify interested M/WBE firms not currently on the list of City-Certified firms.

Enclosed are the following items:

1. ***Contract Language.*** The contract language incorporates the requirements which a contractor with a contract value of $1,000,000 or higher must meet in order to work on an ICAP project.
2. ***Executive Order No. 50*** as amended (April 25, 1980); any reference to $750,000 is superseded to mean $1,000,000.
3. ***Contractor's Construction Employment Report ("CER").*** A CER must be completed and filed by all contractors with a contract value of $1,000,000 or higher.
4. ***Equal Employment Opportunity ("EEO") Policy Statement.*** This EEO Statement must be adopted by a contractor with a contract value of $1,000,000 or higher.
5. ***Sexual Harassment Policy.*** This Sexual Harassment Policy must be adopted by a contractor with a contract value of $1,000,000 or higher.
6. ***Certified Weekly Payroll Report.*** Weekly Payroll Reports must be filed by contractors with a contract value of $1,000,000 or higher.
7. ***Monthly Workforce Utilization Table.*** Monthly Workforce Utilization Tables must be filed by contractors with contract values of $1,000,000 or higher.
8. ***Less Than $1,000,000 Subcontract Certificate.*** A Less Than $1,000,000 Subcontract Certificate must be completed and filed by all contractors with a contract value of less than $1,000,000.
9. ***ICAP Minority and Women-Owned Business Enterprise ("M/WBE") Compliance Report.*** An ICAP M/WBE Compliance Report must be maintained and submitted for each trade contract issued at every tier/level below ownership.

The appropriate forms should be completed and submitted to:

Joel R. Marcus, Esq.
Marcus & Pollack LLP
633 Third Avenue, 9th Floor
New York New York 10017

Should you have any questions, please feel free to call Joel Marcus, Kevin Hall, Kristine Loffredo, Miriam Damowsky, or Kristin Romano at Marcus & Pollack LLP, (212) 490-2900.

The Industrial and Commercial Abatement Program ("ICAP") requires all ICAP Applicants/Developers and contractors and subcontractors to comply with the ICAP rules and regulations, specifically, Local Law 67 and Executive Order No. 50.

Local Law 67 of 2008 requires that Industrial and Commercial Abatement Program ("ICAP") beneficiaries to include City-Certified Minority and Women-Owned Business Enterprise ("M/WBE") firms in construction projects for which ICAP tax abatements are granted.

To find M/WBE firms, please access the City's online directory of M/WBE Certified Businesses. To search for firms by commodity codes, locations and keywords, go to **www .nyc.gov/buycertified.**

All ICAP Applicants/Developers are strongly encouraged to reach out to M/WBE firms:

A. Applicants/Developers with construction projects less **than $750,000** must do the following:

- Search for firms in the New York City Online Directory of Certified Firms.

B. Applicants/Developers with construction projects **between $750,000 and $1,500,000** must complete the following:

- Search for firms in the New York City Online Directory of Certified Firms.
- Submit a copy of the ICAP M/WBE Compliance Report to DLS.
- Submit an ICAP M/WBE Compliance Report to NYC Department of Finance.

C. Applicants/Developers with construction projects **between $1,500,000 and $2,500,000** must complete the following:

- Search for firms in the New York City Online Directory of Certified Firms.
- Solicit bids from at least three certified M/WBE firms for each trade contract issued.
- Submit a copy of the ICAP M/WBE Compliance Report to DLS.
- Submit ICAP M/WBE Compliance Report to NYC Department of Finance.

D. Applicants/Developers with construction projects **greater than $2,500,000** must complete the following:

- Search for firms in the New York City Online Directory of Certified Firms.
- Solicit bids from at least three certified M/WBE firms for each subcontracting project.

- Submit a copy of the ICAP M/WBE Compliance Report to DLS.
- Submit a Construction Employment Report (CER) to DLS at least 15 days before commencement of work. It is recommended that the submission be made at least 30 days prior to the start of work.

Hereinafter, each contractor or subcontractor must complete the required Construction Employment Report ("CER") and M/WBE requirements as is stated on the following pages.

Each contractor shall incorporate into every contract in excess of $1,000,000 to which it becomes a party of the following language: (Refer to EO #50 Part C 50.30).

Executive Order No. 50 ("EO #50") requires a covered contractor to provide Equal Employment Opportunities ("EEO") *with* respect to its construction work force, to employ trainees in training level jobs, to submit specified reports and to document compliance efforts. Specifically, EO #50 requires the following:

1. A Construction Employment Report ("CER") must be submitted to New York City's Department of Small Business Services, Division of Labor Services ("/DLS") , the governmental monitoring and enforcement agency, for all contracts and subcontracts on this project exceeding $1,000,000. This CER must outline your company's EEO practices, current work force and projected work force for this project. Under applicable regulations, the submitted CER must be approved by the DLS prior to a contract award or commencement of work.
2. In the event a subcontract exceeding $1,000,000 is awarded, the subcontractor will be required to comply with all aspects of Article 22 and EO #50.
3. When requested, a contractor or subcontractor must attend a Pre-Award meeting with the DLS. This agency is responsible for approving a company's EEO policies and projected work force and for monitoring ongoing compliance on behalf of New York City.
4. As a covered contractor or subcontractor, you must notify your union representatives in writing of your obligations under Article 22 and EO #50.
5. As a covered contractor or subcontractor, EO #50 requires your company to employ on this project one (1) certified trainee for every four (4) journeypersons employed in the trades. As of the writing of this memorandum, an active trainee program is not available; however, the language and intent of the law remain the same.
6. As a covered contractor or subcontractor, your company is encouraged to employ minorities and women in proportion to their projected availability, as determined by the DLS. Your firm is required to solicit or arrange for the solicitation of bids from at least three M/WBE firms to perform such subcontracting work for each subcontract on the project.

7. As a covered contractor or subcontractor, your company is required to make “good faith efforts” to secure trainees as required and to afford Equal Employment Opportunities to qualified minorities and women in all trades, at all levels. The applicable regulations specify certain steps that must be taken to demonstrate “good faith efforts”; these steps must be documented in writing.

8. As a covered contractor or subcontractor, your company will be required to submit regular reports and payroll records on an ongoing basis throughout the project, outlining the composition of your work force by trade, minority status and sex, and showing hours worked for each category. Certified payroll records must be submitted to the DLS on a monthly basis. These reports and payrolls will be subject to verification at any time.

9. The contractor will submit for any contract below the $1,000,000 threshold, whether be its own or its subcontractors, a “Less Than $1,000,000 Subcontract Certificate.”

This contract is subject to the requirements of Executive Order No. 50 (April 25, 1980) (“EO #50”) and the Rules and Regulations promulgated thereunder. No contract will be awarded unless and until these requirements have been complied within their entirety. By signing this contract, the contractor agrees that it:

1. Will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, age, handicap, marital status, sexual orientation, affectional preference or citizenship status with respect to all employment decisions, including, but not limited to recruitment, hiring, upgrading, demotion, downgrading, transfer, training, rates of pay or other forms of compensation, lay off, termination, and all other terms and conditions of employment.

2. Will not discriminate in the selection of subcontractors on the basis of the owner’s, partners’, or shareholders’ or employees’ race, creed, color, national origin, sex, age, handicap, marital status, sexual orientation, affectional preference or citizenship.

3. Will state in all solicitations or advertisements for employees placed by or on behalf of the contractor that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, age, handicap, marital status, sexual orientation, affectional preference or citizenship status.

4. Will send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or memorandum of understanding, written notification of its equal employment opportunity commitments under EO #50 and the Rules and Regulations promulgated thereunder.

5. Will furnish before the contract is awarded all information and reports including a Construction Employment Report which are required by EO #50, the rules and regulations promulgated thereunder, and orders of the Director of the Division of Labor Services (“DLS”). Copies of all required reports are available upon request from the contracting agency.

6. Will permit the DLS to have access to all relevant books, records and accounts by the DLS for the purposes of investigation to ascertain compliance with such rules, regulations and orders.

The contractor understands that in the event of its noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, such noncompliance shall constitute a material breach of the contract and noncompliance with the EO #50 and the rules and regulations promulgated thereunder. After a hearing held pursuant to the rules of the DLS, the Director may direct the imposition by the contracting agency head of any or all of the following sanctions:

- Disapproval of character;
- Suspension or termination of the contract;
- Declaring the contractor in default;
- In lieu of any of the foregoing sanctions, the Director may impose an employment program.

The Director of the DLS may recommend to the contracting agency head that a board of responsibility constituted pursuant to the Rules and Regulations of the Board of Estimate be convened for purposes of declaring a contractor who has repeatedly failed to comply with EO #50 and the Rules and Regulations promulgated thereunder to be non-responsible.

The contractor agrees to include the provisions of the foregoing paragraphs in every subcontract or purchase order in excess of $1,000,000 to which it becomes a party unless exempted by EO #50 and the Rules and Regulations promulgated thereunder, so that such provisions will be binding upon each subcontract or purchase order as may be directed by the Director of the Bureau of Labor Services as a means of enforcing such provision including sanctions for noncompliance.

The contractor further agrees that it will refrain from entering into any contract or contract modification subject to EO #50 and the Rules and Regulation promulgated thereunder with a subcontractor who is not in compliance with the requirements of EO #50 and the Rules and Regulations promulgated thereunder.

Special Provisions for Construction Contracts

In addition to the contractual provisions required in 50.30, each contracting agency shall incorporate into every contract for a construction project in excess of $1,000,000 to which it becomes a party the following language (Refer to EO #50 Part C 50.31):

The contractor further agrees that, if required, it shall employ trainees for training level jobs and it shall participate in the on-the-job training programs other than apprenticeship programs which are approved by the DLS and where required by law, the U.S. Department of Labor, Bureau of Apprenticeship Training or the New York State Department of Labor.

EO #50 requires the contractor to make a good faith effort to achieve the ration of one (1) trainee to four (4) journey-level employees of each trade on each construction project, provided that the trainee requirement shall not apply to contract in the amount of $1,000,000 or less. As of the writing of this memorandum, as active trainee program is not available; however, the language and intent of the law remain the same.

"Trainee" means an economically disadvantaged person who qualifies for and receives training in one of the construction trades pursuant to a program, other than an apprenticeship program, approved by the DLS and, where required by law, the New York State Department of Labor and the United States Department of Labor, Bureau of Apprenticeship and Training.

The contractor shall be considered to employ four (4) journey-level employees in a particular trade when s(he) employs any **number of journey** level employees in that craft whose aggregate work hours equal the number of hours four (4) full time journey level employees would have worked in a work week as defined by the prevailing practice in the industry for the particular craft, i.e., 40 hours, 37 1/4 hours, 35 hours, etc. For example, in a craft where there is a forty-hour (50 work weeks, the employment of four (4) journey-level employees which result in 160 hours of employment (4 x 40). Hence, any number of journey-level employee results in 160 hours of work is considered for purposes of the entraining program to equal four (4) journey-level employees, i.e., three (3) journey-level employees who work 53 1/3 hours (3 x 53 1/3 = 160), etc.

The training requirement shall not apply to any trade in which the employment of four (4) or more journey level employees and the trainee shall be for less than four (4) consecutive weeks; provided, that four (4) weeks shall mean four (4) weeks of full-time work as defined by the prevailing practice in the industry for the particular craft, i.e., 160 hours (4 weeks x 35 hours), etc.

The contractor shall attempt to provide continuous employment for trainees after the completion of the contract to enable them to complete their course of training.

Union contractors shall refer, recommend and sponsor for union membership any of their trainees who can perform the duties of a qualified journey-level employee or who have satisfactorily completed the training program. Such former trainees shall be paid full journey-level wages and fringe benefits, whether or not union membership is granted after such referral, recommendation or sponsorship, and the contractor shall attempt to continue the employment of such persons.

In the event of a failure to provide training to the required number of trainees for the required number of weeks, the contractor's compensation shall be decreased by an amount equal to the difference between the wages and the fringe benefits paid by the contractor to the trainees and the wages and fringe benefits which would have been paid to the trainees had the number and duration of the positions been as required unless the contractor can demonstrate that it made a good faith effort to provide training and was unsuccessful. The wages and fringes deducted will be whatever a first-term trainee would have received under the prevailing wage schedule in effect at the time the trainees should have been employed.

A good faith effort includes at least:

1. Documented efforts to secure trainees from approved training programs; and

2. Documented outreach efforts to New York State Employment Service, Department of Employment, TAP Centers, community and civil rights groups to identify candidates for training positions and sponsorship of those persons by the contractor for entrance into an approved training program; and

3. Written notification to the DLS that the contractor has been unable to secure trainees pursuant to subsections (I) and (II) above and requesting the DLS's assistance in securing trainees; provided, that neither the provisions of any collective bargaining agreement to recognize the validity of the training program shall be excuse the contractor's obligation to provide training pursuant to EO #50 and these regulations.

To demonstrate its good faith effort, the contractor may at its option supply documentation concerning its employment of trainees on all its construction sites, both City and non-City funded. DLS will review this documentation as part of its analysis to determine whether the contractor made a good faith effort.

The contractor will also include the training provisions of this section in every subcontract in excess of $1,000,000 to which it becomes a party unless exempted by EO #50 and the Rules and Regulations promulgated thereunder so that such provisions will be binding upon each subcontractor. The contractor will take such actions with respect to any subcontract as the DLS may direct as a means of enforcing such provisions, including sanctions for noncompliance. The contractor further agrees that it will assist and cooperate with the requirements of EO #50 and the Rules and Regulations promulgated thereunder, and it will furnish the DLS with information necessary for supervision of such compliance.

NOTICE TO CONTRACTORS

COMPLIANCE WITH THE INDUSTRIAL AND COMMERCIAL ABATEMENT PROGRAM (ICAP)

All contractors will be required to comply with the New York City Industrial and Commercial Abatement Program ("ICAP") Rules and Regulations, specifically the Equal Employment Opportunity ("EEO") and Trainee Requirements set forth under the following regulations:

- Local Law 67
- Article 22
- Executive Order No. 50
- Copeland "Anti-Kickback Act"
- Sexual Harassment
- Project AA/EEO Program

Marcus & Pollack has prepared the summary that follows to underscore these requirements and to call to your attention certain important features which require immediate and timely continuing action on your company's part. This summary is intended to assist your prompt and continuing compliance efforts. However, the terms of the regulations and of the contract will be controlling in all cases.

LOCAL LAW 67- M/WBE REQUIREMENTS

Local Law 67 2008 required that Industrial and Commercial Abatement Program (ICAP) beneficiaries to include City-Certified M/WBE firms in construction projects for which tax abatements are granted. All ICAP Applicants/Developers are strongly encouraged to reach out to M/WBE firms. To find M/WBE firms, please access the City's online directory of M/WBE Certified Business. To search for firms by commodity codes, locations and keywords, go to **www.nyc.gov/buycertified.**

A. For projects **between $750,000 and $1,500,000,** Applicants/Developers must:

- Perform outreach activities to M/WBE firms.
- Maintain records documenting outreach activities including which M/WBE were solicited, which responded, and which, if any, were awarded.
- Submit a detailed report attesting to their efforts (please see attached form).

B. Applicants/Developers with construction projects **exceeding $1,500,000** must complete the above requirements as well as:

- Provide the City with a list of upcoming contracting and subcontracting opportunities associated with the project for online posting
- Solicit or arrange for the solicitation of bids from at least three (3) M/WBE Certified Businesses to perform such subcontracting work for each subcontract on the project.

ARTICLE 22

The regulations of Article 22 are promulgated to require contractors to be Equal Employment Opportunity Employers in compliance with Executive Order No. 50 (1980)

Definitions:

1. ***DSBS/DLS*** means the New York City Department of Small Business Services/Division of Labor Services or its successor.
2. ***Contractor*** means any proposed or current Applicant, contractor or subcontractor performing construction work for an amount in excess of $1,000,000 on the project described in the application.
3. ***Economically disadvantaged person*** means a resident of the City who at the time of the application for entrance into a training program is a Vietnam era veteran as defined by applicable Federal Law who has been unable to obtain non-government-subsidized employment since discharged from the armed services.
4. ***Construction Employment Report*** shall mean a report filed by an applicant or contractor containing information concerning workforce composition, employment and salary practices, policies, programs and collective bargaining agreements concerning employees employed in the City, and pending lawsuits, consent decrees or court orders involving issues of equal employment or such additional information, including computer tapes, as the Bureau may require.
5. ***Equal Opportunity Employer*** shall mean an employer who treats all employees and applicants for employment without discrimination as to race, creed, color, national origin, sex, age, disability, marital status, sexual orientation or citizenship status in all employment decisions, including but not limited to recruitment hiring, compensation, training and apprenticeship, promotion, upgrading, demotion, downgrading, transfer, lay-off and termination, and all other terms and conditions of employment, except as provided by law. This Equal Employment Opportunity Statement must be adopted by a contractor with a contract valued at $1,000,000 or higher.
6. ***Reasonable Accommodation*** means such accommodation to an employee's or prospective employee's physical or mental impairment as shall not cause undue hardship in the conduct of the contractor's business. The contractor shall have the burden of demonstrating such hardship.
7. ***Minorities*** shall mean Blacks, Hispanics (non-European), Asians, and Native Americans (American Indians, Eskimos, Aleuts).
8. ***Trainee*** shall mean an economically disadvantaged person who qualifies for and receives training in one or more of the construction trades pursuant to a program, other than an apprenticeship and Training.

9. ***Underutilization*** shall mean a statistically significant disparity between the employment of members of a racial, ethnic or sexual group and their availability, as determined by the Department of Small Business Services/Division of Labor Services' workforce utilization analysis.

The contractor must not discriminate against any employee or applicant for employment on the basis of race, color, creed, national origin, sex, age, disability, marital status, sexual orientation and citizenship status with respect to all employment decisions, including, but not limited to, recruitment, hiring, upgrading, demotion, downgrading, transfer, training, rates of pay or other forms of compensation, layoff, termination, and all other terms and conditions of employment in connection with any work on the project.

The contractor will not discriminate in the selection of contractors and subcontractors on the basis of any owner's, partner's, associate's or shareholder's or employees' race, color, creed, national origin, sex, age, disability, marital status, sexual orientation and citizenship status in connection with any work on the project.

EXECUTIVE ORDER NO. 50

Executive Order No. 50 ("EO #50") requires a covered contractor to provide Equal Employment Opportunities ("EEO") with respect to its construction work force, to employ training level jobs, to submit specified reports to document compliance efforts. Specifically, EO #50 requires the following:

1. A Construction Employment Report ("CER") must be submitted to New York City's Department of Small Business Services, Division of Labor Services ("DSBS/DLS"), the governmental monitoring and enforcement agency, for all contracts and subcontracts on this project exceeding $1,000,000. This CER must outline your company's EEO practices, current work force and projected work force for this project. Under applicable regulations, the submitted CER must be approved by the DSBS/DLS prior to a contract award or commencement of work.
2. In the event a subcontract exceeding $1,000,000 is awarded, the subcontractor will be required to comply with all aspects of Article 22 and EO #50.
3. When requested, a contractor or subcontractor must attend a Pre-Award meeting with the DSBS/DLS. This agency is responsible for approving a company's EEO policies and projected work force and for monitoring ongoing compliance on behalf of New York City.
4. As a covered contractor or subcontractor, you must notify your union representatives in writing of your obligations under Article 22 and EO #50.
5. As a covered contractor or subcontractor, EO #50 requires that your company employ on this project one (1) certified trainee for every four (4) journeypersons employed in the trades. As of the writing of this memorandum, an active trainee program is not available; however, the language and intent of the law remain the same.

6. As a covered contractor or subcontractor, your company is required to employ minorities and women in proportion to their projected availability, as determined by the DSBS/DLS. Requirements to solicit or arrange for the solicitation or bids from at least three (3) M/WBE firms to perform such subcontract work on the project.

7. As a covered contractor or subcontractor, your company is required to make "good faith efforts" to secure trainees and to afford Equal Employment Opportunities to qualified minorities and women in all trades, at all levels. The applicable regulations specify certain steps that must be taken to demonstrate "good faith efforts"; these steps must be documented in writing.

8. As a covered contractor or subcontractor, your company will be required to submit regular reports and payroll records on an ongoing basis throughout the project, outlining the composition of your work force by trade, minority, status, and sex, and showing hours worked for each category. Certified payroll records must be submitted to the DSBS/DLS on a monthly basis. These reports and payrolls may be subject to verification at any time.

COPELAND "ANTI-KICKBACK ACT"

The Anti-Kickback Act of 1986 was passed to deter contractors from making payments and contractors from accepting payments for the purpose of improperly obtaining or rewarding favorable treatment in connection with either a contract or subcontract relating to a prime contract. This provision is designed to ensure fair and equal competition among both prime and subcontractors.

SEXUAL HARASSMENT

Sexual harassment is a form of sex discrimination that violates Title VII of the Civil Rights Act of 1964. All unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitutes sexual harassment when submission to or rejection of this conduct explicitly or implicitly affects an individual's employment, unreasonably interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

DOCUMENTATION

The property participating in the New York City Industrial and Commercial Abatement Program (ICAP) is required that all subcontractors and contractors must report their contract to the New York City Department of Small Business Services/Division of Labor Services ("DLS"). This submission must be made with the DLS at least 15 business days before a contractor or subcontractor starts work. We recommend that the submission be made at least 30 days prior to the start of work.

To comply with your contract and the applicable regulations, your company will be required to prepare, maintain and submit the following documentation and forms to Marcus & Pollack on a regular and timely basis. Any required documentation to be submitted to the DLS will be reviewed by Marcus & Pollack before being forwarded to the DLS:

1. **CONSTRUCTION EMPLOYMENT REPORT**

A Construction Employment Report (for all contracts of $1,000,000 or above) for your company must be completed and returned to Marcus & Pollack.

2. **ICAP M/WBE COMPLIANCE REPORT**

All ICAP Applicants/Developers, Contractors and subcontractors are strongly encouraged to reach out to M/WBE (Minority and Women Owned Business Enterprise) firms and submit a detailed report attesting to their efforts (please see attached M/WBE Compliance form).

3. **LESS THAN $1,000,000 SUBCONTRACT CERTIFICATE**

This form must be completed by all subcontractors with a contract of less than $1,000,000 and returned to Marcus & Pollack.

4. **NOTICE TO UNIONS**

Your company will be required to promptly send written notification to its union representatives of its Equal Employment Opportunity and trainee obligations on this project and submit copies of these notices to Marcus & Pollack.

5. **PAYROLL RECORDS**

Your company must submit payroll records on a monthly basis (by the 10th day of the following month), identifying the minority status and sex of your work force for non-working foremen, journeypersons, apprentices and trainees, the hours worked by these individuals and their hourly rate of pay. These records must be accompanied by a certified Statement of Compliance. This is to be used by contractors and subcontractors with a contract value of $1,000,000.

6. **MONTHLY WORKFORCE UTILIZATION TABLE**

Your company must submit a Monthly Workforce Utilization Table at the end of each month identifying the total number of workers by trade for Journey Level, Helper Apprentice, Trainees, and the number of New Hires and Layoffs. This is to be used by contractors and subcontractors with contract values of $1,000,000.

7. **TRAINEE/APPRENTICE CERTIFICATION LETTERS**

Certification letters must be submitted for all trainees and apprentices employed at this project.

8. CLOSEOUT LETTERS

After 100% completion of contracted work, each subcontractor must submit a letter which notifies Marcus & Pollack to close out the contractor file before receiving final payment. This letter should contain the date work ended at the ICAP participating project.

SUMMARY

Marcus & Pollack is responsible for ensuring that overall compliance with the governmental regulations is maintained. Marcus & Pollack will monitor your compliance and assist you in preparing the required documentation. This documentation will be essential in substantiating your company's compliance. Failure to comply with any aspect of the regulations may result in the following penalties being imposed, i.e.:

- Administrative Sanctions
- Financial Penalties
- Contract Termination or Suspension

The appropriate forms should be completed and submitted to:

Joel R. Marcus, Esq.
Marcus & Pollack LLP
633 Third Avenue, 9th Floor
New York, New York 10017

Should you have any questions, please feel free to call Joel Marcus, Kevin Hall, Kristine Loffredo, Miriam Darnowsky, or Kristin Romano at Marcus & Pollack LLP, (212) 490-2900.

The City of New York Department of Small Business Services
Division of Labor Services Contract Compliance Unit
110 William Street, New York, New York 10038
Phone: (212) 513 – 6323 Fax: (212) 618-6879

INDUSTRIAL AND COMMERCIAL INCENTIVE/ABATEMENT PROGRAM
EMPLOYMENT REPORT (ICIP/ICAP)

GENERAL INFORMATION

1. Please identify yourself as one of the following:

___ICIP/ICAP Applicant (Developer) ___Subcontractor
___Construction Manager ___Tenant
___General Contractor

1a. Are M/WBE goals attached to this project? Yes ____ No ____

2. Please check one of the following if your firm would like information on how to certify with the City of New York as a:

___Minority Owned Business Enterprise ___Locally based Business Enterprise
___Women Owned Business Enterprise ___Emerging Business Enterprise
___Disadvantaged Business Enterprise

2a. If you are certified as an **MBE**, **WBE**, **LBE**, **EBE** or **DBE**, what city/state agency are you certified with? _____ Are you DBE certified? Yes ____ No ____

3. Please indicate if you would like assistance from SBS in identifying certified M/WBEs for contracting opportunities: Yes___ No___

3a. Is this project subject to a project labor agreement? Yes ____ No ____

4. Are you a Union contractor? Yes ____ No ____ If yes, please list which local(s) you affiliated with _____

5. Are you a Veteran owned company? Yes ____ No ____

PART I: COMPANY/CONTRACT INFORMATION

6. _____
ICIP/ICAP Application Number E-Mail Address

7. _____
Employer Identification Number or Federal Tax I.D

8. _____
Company Name

9. _____
Company Address and Zip Code

10. _____
Chief Operating Officer Telephone Number

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11. _____
Designated Equal Opportunity Compliance Officer (If same as Item #10, write "same") Telephone Number

12. _____
Developer or prime contractor (If same as Item #8, write "same") Contact Person

13. Number of employees in your company: _____

14. Contract information:

(a) _____ Contract Amount (b) _____ Block and Lot Number

(c) _____ Projected Commencement Date (d) _____ Projected Completion Date

(e) Description and location of proposed contract:

_____

_____

15. Has your firm been reviewed by the Division of Labor Services (DLS) within the past 36 months and issued a Certificate of Approval? Yes___ No___

If yes, attach a copy of certificate.

16. Has DLS within the past month reviewed an Employment Report submission for your company and issued a Conditional Certificate of Approval? Yes___ No___

If yes, attach a copy of certificate.

NOTE: DLS WILL NOT ISSUE A CONTINUED CERTIFICATE OF APPROVAL IN CONNECTION WITH THIS CONTRACT UNLESS THE REQUIRED CORRECTIVE ACTIONS IN PRIOR CONDITIONAL CERTIFICATES OF APPROVAL HAVE BEEN TAKEN.

17. Has an Employment Report already been submitted for a different contract (not covered by this Employment Report) for which you have not yet received compliance certificate?
Yes___ No___ If yes,

Date submitted:_____
Agency to which submitted:_____
Name of agency person:_____
Contract No:_____
Telephone:_____

18. Has your company in the past 36 months been audited by the United States Department of Labor, Office of Federal Contract Compliance Programs (OFCCP)? Yes___ No___

If yes,

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(a) Name and address of OFCCP office.

_____

_____

(b) Was a Certificate of Equal Employment Compliance issued within the past 36 months? Yes___ No___

If yes, attach a copy of such certificate.

(c) Were any corrective actions required or agreed to? Yes___ No___

If yes, attach a copy of such requirements or agreements.

(d) Were any deficiencies found? Yes___ No___

If yes, attach a copy of such findings.

19. Is your company or its affiliates a member or members of an employers' trade association which is responsible for negotiating collective bargaining agreements (CBA) which affect construction site hiring? Yes___ No___

If yes, ATTACH a list of such associations and all applicable CBA's.

PART II: DOCUMENTS REQUIRED

20. For the following policies or practices, attach the relevant documents (e.g., printed booklets, brochures, manuals, memoranda, etc.). If the policy(ies) are unwritten, attach a full explanation of the practices. See instructions.

___ (a) Health benefit coverage/description(s) for all management, nonunion and union employees (whether company or union administered)

___ (b) Disability, life, other insurance coverage/description

___ (c) Employee Policy/Handbook

___ (d) Personnel Policy/Manual

___ (e) Supervisor's Policy/Manual

___ (f) Pension plan or 401k coverage/description for all management, nonunion and union employees, whether company or union administered

___ (g) Collective bargaining agreement(s).

___ (h) Employment Application(s)

___ (i) Employee evaluation policy/form(s).

___ (j) Does your firm have medical and/or non-medical (i.e. education, military, personal, pregnancy, child care) leave policy?

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21. To comply with the Immigration Reform and Control Act of 1986 when and of whom does your firm require the completion of an I-9 Form?

(a) Prior to job offer	Yes___ No___
(b) After a conditional job offer	Yes___ No___
(c) After a job offer	Yes___ No___
(d) Within the first three days on the job	Yes___ No___
(e) To some applicants	Yes___ No___
(f) To all applicants	Yes___ No___
(g) To some employees	Yes___ No___
(h) To all employees	Yes___ No___

22. Explain where and how completed I-9 Forms, with their supporting documentation, are maintained and made accessible.

_____

_____

23. Does your firm or any of its collective bargaining agreements require job applicants to take a medical examination? Yes___ No___

If yes, is the medical examination given:

(a) Prior to a job offer	Yes___ No___
(b) After a conditional job offer	Yes___ No___
(c) After a job offer	Yes___ No___
(d) To all applicants	Yes___ No___
(e) Only to some applicants	Yes___ No___

If yes, list for which applicants below and attach copies of all medical examination or questionnaire forms and instructions utilized for these examinations.

_____

_____

24. Do you have a written equal employment opportunity (EEO) policy? Yes___ No___

If yes, list the document(s) and page number(s) where these written policies are located.

_____

_____

25. Does the company have a current affirmative action plan(s) (AAP)

_____Minorities and Women
_____Individuals with handicaps
_____Other. Please specify _____

26. Does your firm or collective bargaining agreement(s) have an internal grievance procedure with respect to EEO complaints? Yes___ No___

If yes, please attach a copy of this policy.

If no, attach a report detailing your firm's unwritten procedure for handling EEO complaints.

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27. Has any employee, within the past three years, filed a complaint pursuant to an internal grievance procedure or with any official of your firm with respect to equal employment opportunity? Yes___ No___

If yes, attach an internal complaint log. See instructions.

28. Has your firm, within the past three years, been named as a defendant (or respondent) in any administrative or judicial action where the complainant (plaintiff) alleged violation of any anti-discrimination or affirmative action laws? Yes___ No___

If yes, attach a log. See instructions.

29. Are there any jobs for which there are physical qualifications? Yes___ No___

If yes, list the job(s), submit a job description and state the reason(s) for the qualification(s).

_____

_____

30. Are there any jobs for which there are age, race, color, national origin, sex, creed, disability, marital status, sexual orientation, or citizenship qualifications? Yes___ No___

If yes, list the job(s), submit a job description and state the reason(s) for the qualification(s).

_____

_____

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SIGNATURE PAGE

I, (print name of authorized official signing)_____ hereby certify that the information submitted herewith is true and complete to the best of my knowledge and belief and submitted with the understanding that compliance with New York City's equal employment requirements, as contained in Chapter 56 of the City Charter, Executive Order No. 50 (1980), as amended, and the implementing Rules and Regulations, is a requirement for the contractors and subcontractors working on this construction project. I also agree on behalf of the company to submit a certified copy of payroll records to the Division of Labor Services on a monthly basis.

_____
Contractor's Name

_____ _____
Name of person who prepared this Employment Report Title

_____ _____
Name of official authorized to sign on behalf of the contractor Title

_____
Telephone Number

_____ _____
Signature of authorized official Date

If contractors are found to be underutilizing minorities and females in any given trade based on Chapter 56 Section 3H, the Division of Labor Services reserves the right to request the contractor's workforce data and to implement an employment program.

Contractors who fail to comply with the above mentioned requirements or are found to be in noncompliance may be subject to the withholding of final payment.

Willful or fraudulent falsifications of any data or information submitted herewith may result in the termination of the contract between the City and the bidder or contractor and in disapproval of future contracts for a period of up to five years. Further, such falsification may result in civil and/and or criminal prosecution.

To the extent permitted by law and consistent with the proper discharge of DLS' responsibilities under Charter Chapter 56 of the City Charter and Executive Order No. 50 (1980) and the implementing Rules and Regulations, all information provided by a contractor to DLS shall be confidential.

Only original signatures accepted.

Sworn to before me this _____ day of _____ 20 _____

_____ _____ _____
Notary Public Authorized Signature Date

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FORM A. CONTRACT BID INFORMATION: USE OF SUBCONTRACTORS/TRADES

1. Do you plan to subcontractor work on this contract? Yes___ No___

2. If yes, complete the chart below.

NOTE: All proposed subcontractors with a subcontract in excess of $1,000,000 must complete an Employment Report for review and approval before the contract may be awarded and work commences.

SUBCONTRACTOR'S NAME*	OWNERSHIP (ENTER APPROPRIATE CODE LETTERS BELOW)	WORK TO BE PERFORMED BY SUBCONTRACTOR	TRADE PROJECTED FOR USE BY SUBCONTRACTOR	PROJECTED DOLLAR VALUE OF SUBCONTRACT

***If subcontractor is presently unknown, please enter the trade (craft name).**

OWNERSHIP CODES
- W: White
- B: Black
- H: Hispanic
- A: Asian
- N: Native American
- F: Female

FORM B: PROJECTED WORKFORCE

TRADE CLASSIFICATION CODES

(J) Journeylevel Workers
(H) Helper
(TOT) Total by Column
(A) Apprentice
(TRN) Trainee

For each trade to be engaged by your company for this project, enter the projected workforce for Males and Females by trade classification on the charts below.

Trade: _____

Union Affiliation, if applicable _____

Total (Col. #1-10): _____

Total Minority, Male & Female (Col. #2,3,4,5,7,8,9, & 10): _____

Total Female (Col. #6 – 10): _____

	MALES					FEMALES				
	(1) White Non Hisp.	(2) Black Non Hisp.	(3) Hisp.	(4) Asian	(5) Native Amer.	(6) White Non Hisp.	(7) Black Non Hisp.	(8) Hisp.	(9) Asian	(10) Native Amer.
J										
H										
A										
TRN										
TOT										

What are the recruitment sources for you projected hires (i.e., unions, government employment office, job tap center, community outreach)?

_____

_____

FORM C: CURRENT WORKFORCE

TRADE CLASSIFICATION CODES

(J) Journeylevel Workers
(H) Helper
(TOT) Total by Column
(A) Apprentice
(TRN) Trainee

For each trade currently engaged by your company for all work performed in New York City, enter the current workforce for Males and Females by trade classification on the charts below.

Trade: _____

Union Affiliation, if applicable _____

Total (Col. #1-10): _____

Total Minority, Male & Female (Col. #2,3,4,5,7,8,9, & 10): _____

Total Female (Col. #6 – 10): _____

	MALES					FEMALES				
	(1) White Non Hisp.	(2) Black Non Hisp.	(3) Hisp.	(4) Asian	(5) Native Amer.	(6) White Non Hisp.	(7) Black Non Hisp.	(8) Hisp.	(9) Asian	(10) Native Amer.
J										
H										
A										
TRN										
TOT										

What are the recruitment sources for you projected hires (i.e., unions, government employment office, job tap center, community outreach)?

_____

_____

FORM C: CURRENT WORKFORCE

Trade: _____

Union Affiliation, if applicable _____

Total (Col. #1-10): _____

Total Minority, Male & Female (Col. #2,3,4,5,7,8,9, & 10): _____

Total Female (Col. #6 – 10): _____

	MALES					FEMALES				
	(1) White Non Hisp.	(2) Black Non Hisp.	(3) Hisp.	(4) Asian	(5) Native Amer.	(6) White Non Hisp.	(7) Black Non Hisp.	(8) Hisp.	(9) Asian	(10) Native Amer.
J										
H										
A										
TRN										
TOT										

What are the recruitment sources for you projected hires (i.e., unions, government employment office, job tap center, community outreach)?

_____

_____

[PLACE THIS STATEMENT ON YOUR COMPANY'S LETTERHEAD]

EQUAL EMPLOYMENT OPPORTUNITY STATEMENT

It is the policy of [INSERT COMPANY'S NAME] not to discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, affectional preference or citizenship status. We will take specific action to ensure that applicants are employed and that employees are treated during employment without regard to their race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, affectional preference, or citizenship status. Such action shall include, but not be limited to the following: recruitment, hiring, compensation, training and apprenticeship, promotion, upgrading, demotion, downgrading, transfer, lay-off and termination, and all other Terms and Conditions of Employment except as provided by law.

COMPANY NAME

NAME & TITLE

SIGNATURE

DATE

[PLACE THIS STATEMENT ON YOUR COMPANY'S LETTERHEAD]

SEXUAL HARASSMENT POLICY

[INSERT COMPANY'S NAME] prohibits employee discrimination of any kind, including sexual harassment by employees, managers, vendors and customers. Sexual Harassment is defined as any harassment based on a person's sex, such as unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature, including offensive remarks about a person's gender. Both males and females can be victims of sexual harassment. Prohibited behavior includes any behavior that creates an offensive work environment (Hostile Environment) or that results in an adverse employment decision such as the victim being fired or demoted (Quid pro Quo). Some examples include:

- A manager threatening a bad performance review if an employee doesn't go on a date with her;
- An employee reporting that her co-worker suggestively brushed up against her while she was working;
- A customer answering the door naked asking the serviceman to come upstairs;
- Employees objecting to a transsexual using their shared restroom/locker area;
- An employee ridiculed by his manager in the restroom in front of his peers.

Individuals violating this policy will be subject to discipline, up to and including termination regardless of their gender. Employees are required to report suspected sexual harassment directly to their supervisor, the HR manager, or the owner of [INSERT COMPANY NAME], immediately in person, via phone call or mail. Complaints of harassment will be documented and investigated as soon as possible, and a resolution provided to the victim in writing within 60 days. Insofar as possible, complaints will be maintained as confidential to prevent retaliation while the complaint is being researched and/or resolved. In addition, [INSERT COMPANY NAME] prohibits retaliation of any kind against an individual claiming harassment. I have read, understood and agree to abide by this policy.

A copy of this policy is to be provided to the employee. Signed original to be maintained in the personnel file.

THE CITY OF NEW YORK • OFFICE OF THE COMPTROLLER • BUREAU OF LABOR LAW

PAYROLL REPORT

TO BE SUBMITTED WITH REQUISITION FOR PAYMENT

NAME OF PRIME CONTRACTOR			AGENCY
NAME OF CONTRACTOR/SUBCONTRACTOR	ADDRESS	PHONE #	PAYROLL # / TAX I.D. #
CONTRACT REGISTRATION #	JOB CODE	WEEK ENDING DATE	PROJECT NAME & LOCATION

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
NAME ADDRESS LAST FOUR DIGITS OF SOCIAL SECURITY NUMBER	LIST TRADE & CHECK CLASSIFICATION JOURNEYMAN APPRENTICE (NYS DOL REGISTERED) HELPER	TIME	DAY AND DATE HOURS WORKED EACH DAY	TOTAL HOURS	BASE RATE OF PAY PER HOUR	TOTAL BASE PAY	SUPPLEMENTAL BENEFITS RATE PER HOUR	SUPPLEMENTAL BENEFITS PAID TO (Local # if Union is checked)	SUPPLEMENTAL BENEFITS TOTAL BENEFITS PAID	GROSS PAY	TOTAL TAX & OTHER DEDUCTIONS	NET PAY
	☐J ☐A ☐H	RT OT						U Local# ____ E ____ O ____				
	☐J ☐A ☐H	RT OT						U Local# ____ E ____ O ____				
	☐J ☐A ☐H	RT OT						U Local# ____ E ____ O ____				
	☐J ☐A ☐H	RT OT						U Local# ____ E ____ O ____				
	☐J ☐A ☐H	RT OT						U Local# ____ E ____ O ____				
	☐J ☐A ☐H	RT OT						U Local# ____ E ____ O ____				
	☐J ☐A ☐H	RT OT						U Local# ____ E ____ O ____				

INSTRUCTIONS ON REVERSE SIDE

FALSIFICATION OF THIS STATEMENT IS A PUNISHABLE OFFENSE

This certified payroll has been prepared in accordance with the instructions contained on the reverse side of this form. I certify that the above information represents wages and supplemental benefits paid to all persons employed by my firm for construction work on the above project during the period shown. I **understand that falsification of this statement is a punishable offense.**

SIGNATURE ____________	NAME (Print) ____________	TITLE ____________	DATE ____________, 20____

1. All persons who performed any on-site construction activity, during the period of the requisition, shall be listed on the Payroll Report.
2. Separate Payroll Reports shall be submitted by the prime contractor and each subcontractor who performed any on-site construction activity during the period of the requisition.
3. Failure to provide the required Payroll Report may result in the requisition for payment being returned unpaid or the payment being reduced.
4. PAYROLL REPORT HEADING: The Payroll Report Heading shall require the following information:

5. For every employee who performed any on-site construction activity during the period of the Payroll Report, the following information shall be provided:

    1) NAME, ADDRESS, LAST FOUR DIGITS OF THE SOCIAL SECURITY NO.: The legal name, current address and the last four digits of the social security number of each employee. (Employers must keep the full social security number on file for each of their covered workers.) If the employee has no social security number, please list his/her IRS Individual Taxpayer Identification Number and mark it “ITIN”.

    2) LIST TRADE & CHECK WORK CLASSIFICATION: Specify and insert the Trade applicable to the work performed by each employee. The Trade identified must be one listed on the Prevailing Wage & Supplemental Benefits Schedule of the Comptroller, i.e., Electrician, Laborer, etc. Check next to the letter J if the individual is a Journey Person. Check next to the letter A if the person is a Registered Apprentice with the Department of Labor of the state of New York. Check next to the letter H only if the person is a Helper in a trade classification that has Helper rates listed In the Comptroller’s Schedule or Prevailing Wages.

    3) TIME: RT Indicates Regular Time, and OT indicates Overtime.

    4) DAY AND DATE: Below this heading, In the first row, enter the appropriate sequence of the contractor’s pay records. MTWTFSS, for example, is the sequence to use if the workweek ends on a Sunday, and SSMTWTF is the sequence if the workweek ends on a Friday. In the second row, below each letter representing the day of the workweek, insert the corresponding date. Below the heading HOURS WORKED EACH DAY, at the intersection of the column of the particular day and date and the horizontal row of the employee’s name, insert the hours worked each day in the appropriate box either for RT (Regular Time) and / or OT (Overtime). If an employee worked Shift Time, the RT (Regular Time) row shall be used and adjusted accordingly.

    5) TOTAL HOURS: Add the hours worked for Regular and / or Shift Time with the hours worked Overtime, and enter separate totals in this column.

    6) BASE RATE OF PAY PER HOUR: Specify the actual base rate of pay per hour paid to the employee. Do not include supplemental benefits in this amount.

    7) TOTAL BASE PAY: Total amount earned by the employee not including benefits.

    8) RATE PER HOUR: Amount of supplemental benefits paid / provided per hour.

    9) PAID TO: Place a cheek mark in the appropriate box: U for Union if benefits paid to a Union, E for Employee if benefits paid in cash (or check) directly to the Employee, or O for Other, if benefits are otherwise paid / provided to the employee. If U is checked, you must insert the “Local” number of the union in that box.

    10) TOTAL BENEFITS PAID: Total amount of supplemental benefits paid / provided for the workweek to the employee.

    11) GROSS PAY: Total amount earned for workweek: This amount comprises the Total Base Pay plus any benefit paid in cash (or check) directly to the employee [i.e., column (7) + column (9) E if Box E is checked and payment made directly to employee). No other type of benefit should be included in this column’s total.

    12) TOTAL TAX AND OTHER DEDUCTIONS: Enter the sum total of all deductions in this column (including FICA, Federal, State and City Taxes, etc.). This does not absolve you from maintaining appropriate tax and other records required by law).

    13) NET PAY: Total amount of pay after all deductions (i.e., the actual Take-Home Pay).

MONTHLY WORKFORCE UTILIZATION TABLE

MONTH _____ DATE _____ DLS FILE NO. _____ % COMPLETE _____

CONTRACTOR _____ CONST. SITE _____

TRADE	TOT	JOURNEY LEVEL						HELPER						APPRENTICE						TRAINEE						NEW HIRES						LAYOFFS					
		TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM
ASBESTOS																																					
BOILERMAKER																																					
BRICKLAYER																																					
CARPENTER																																					
CEMENT MASON																																					
CONCRETE WKR																																					
DEMOLITION																																					
DOCKBUILDER																																					
DRILLRUNNER																																					
ELECTRICIAN																																					
ELEV. CONST.																																					
FORMSETTER																																					
GLAZIER																																					
IRON WORKER																																					
INSUL. WKR																																					
LATHER																																					
LABORER																																					
MASON TENDER																																					
MILLWRIGHT																																					
OP. ENGINEER																																					

B = BLACK H = HISPANIC A = ASIAN NA = NATIVE AMERICAN FEM = FEMALE

TRADE	TOT	JOURNEY LEVEL						HELPER						APPRENTICE						TRAINEE						NEW HIRES						LAYOFFS					
		TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM	TOT	B	H	A	NA	FEM
PAINTER																																					
PAPERHANGER																																					
PAVING																																					
PLASTERER																																					
PLUMBER																																					
RIGGER																																					
ROOFER																																					
SHEET METAL																																					
STEAMFITTER																																					
STONE/MARBLE																																					
TAPER/DRYWALL																																					
TEAMSTER																																					
TILESETTER																																					
TIMBERPERSON																																					
STONE ERECTOR																																					

COMMENTS _____

I HEREBY CERTIFY THAT THE INFORMATION PROVIDED IN THIS REPORT IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

_____ _____

SIGNATURE DATE

_____ _____

PRINT NAME TITLE

THIS FORM IS DUE ON TH 15TH DAY OF EACH MNTH FOR THE PRECEDING MONTH

The City of New York Department of Small Business Services
Division of Labor Services Contract Compliance Unit
110 William Street, New York, New York 10038
Phone: (212) 513 – 6323 Fax: (212) 618-8879

Date _____ File Number _____

LESS THAN $1,000,000 SUBCONTRACT CERTIFICATE (ICAP ONLY)

Are you currently certified as one of the following? Please check yes or no:

MBE Yes ___No ___ WBE Yes ___No ___ LBE Yes ___No ___

DBE Yes___No___ EBE Yes ___ No ___

If you are certified as an MBE, WBE, LBE , EBE or DBE, what city/state agency are you certified with?

_____

Please check one of the following if your firm would like information on how to certify with the City of New York as a:

___Minority Owned Business Enterprise ___Locally based Business Enterprise

___Women Owned Business Enterprise ___Emerging Business Enterprise

___Disadvantaged Business Enterprise

_____
Company Name Employer Identification Number or Federal Tax I.D

_____
Company Address and Zip Code

_____
Contact Person (First Name, Last Name) Telephone Number

_____
Fax Number E-mail Address

Description and location of proposed subcontract: _____
_____
_____

Are you a Union contractor? Yes ____ No ____ If yes, please list which local(s) you affiliated with

_____

Are you a Veteran owned company? Yes ____ No ____

_____ _____
Block and Lot Number ICAP Application Number

_____ _____
Borough Contract Amount

Revised 8/13
FOR OFFICIAL USE ONLY: File No._____

I, (print name of authorized official signing)_____ hereby certify that I am authorized by the above-named subcontractor to certify that said subcontractor's proposed contract with the above named owner or City agency is less than $1,000,000. This affirmation is made in accordance with NYC Charter Chapter 56, Executive Order No. 50 (1980) and the implementing Rules.

Willful or fraudulent falsifications of any data or information submitted herewith may result in the termination of the contract between the City and the bidder or contractor and in disapproval of future contracts for a period of up to five years. Further, such falsification may result in civil and/and or criminal prosecution.

_____

Signature of authorized official Date

Only original signatures accepted.

Sworn to before me this _____ day of _____ 20 _____

_____

Notary Public Authorized Signature Date

Revised 8/13

FOR OFFICIAL USE ONLY: File No._____

NYC Small Business Services

NEW YORK CITY DEPARTMENT OF SMALL BUSINESS SERVICES + LABOR SERVICES UNIT

INDUSTRIAL AND COMMERCIAL ABATEMENT PROGRAM (ICAP)

MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES (M/WBE) COMPLIANCE REPORT

Mail to: NYC Department of Finance, Industrial and Commercial Abatement Program, 59 Maiden Lane, NY 10038
and NYC Department of Small Business Services, Labor Services Unit, 110 William Street, 7th Floor, NY 10038

- **For projects over $750,000, ICAP applicants must indicate which outreach activities they performed by checking the boxes below. Please note applicants must keep detailed records of the outreach activities accessible at their place of business.**

☐ *Advertised opportunities to participate in the project in general circulation media, trade and professional association publications, small business media, and publications of M/WBE organizations*

☐ *Provided written notices of specific opportunities to M/WBE firms inviting their participation*

☐ *Held meetings with M/WBEs prior to the date their bids or proposals were due, for the purpose of explaining in detail the scope and requirements of the work, for which their bids or proposals were solicited*

☐ *Made efforts to negotiate with M/WBEs to perform specific subcontracts, or act as suppliers, or service providers*

☐ *Made timely requests to the NYC Department of Small Business Services for help locating certified M/WBE firms*

☐ *Attempted to identify Interested M/WBEs not currently on the list of City-Certified firms*

- **Applicants with construction projects $1.5 million and greater must complete the above requirements as well as list at least three M/WBE firms that were solicited to perform subcontracting work for each subcontract on the project**:

Subcontractor Description				AMOUNT
Name and Address of Solicited M/WBE Firms		Solicited MM/DD/YY	Responded MM/DD/YY	Awarded MM/DD/YY
1.	Source: _____ Name: _____ Phone:			
2.	Source: _____ Name: _____ Phone:			
3.	Source: _____ Name: _____ Phone:			

Subcontractor Description				AMOUNT
Name and Address of Solicited M/WBE Firms		Solicited MM/DD/YY	Responded MM/DD/YY	Awarded MM/DD/YY
1.	Source: _____ Name: _____ Phone:			
2.	Source: _____ Name: _____ Phone:			
3.	Source: _____ Name: _____ Phone:			

Subcontractor Description				AMOUNT
Name and Address of Solicited M/WBE Firms		Solicited MM/DD/YY	Responded MM/DD/YY	Awarded MM/DD/YY
1.	Source: _____ Name: _____ Phone:			
2.	Source: _____ Name: _____ Phone:			
3.	Source: _____ Name: _____ Phone:			

ICAP

M/WBE WORKFORCE COMPLIANCE PLAN

PRIME:		PROJECT NAME:		CONTACT PERSON:	PROJECT MANAGER:
ADDRESS:		SITE LOC.:		TITLE:	DLS FILE#:
CITY:	STATE: ZIP:	BOROUGH:		EMAIL:	CONTRACT AMT:
PHONE:		PROJECT#	CONTRACT#	PHONE:	AGENCY:
EMAIL:					ESTIMATED START DATE: / ACTUAL START DATE:

	MWBE PLAN							COMPLIANCE ACTIVITIES							
SUBCONTRACTOR AND SUPPLIERS/VENDORS	PLA	WBE	MBE	LBE	DBE	EBE	TRADE	SOLICITED	RESPONDED	AWARD Y/N	AWARD DATE	AWARD AMOUNT	WORK COMPLETED	% OF CONTRACT	
															TOTAL PERCENT
															PERMITS

LEGEND

MBE MINORITY

FEM FEMALE

WBE WOMEN-OWNED BUSINESS ENTERPRISE

MBE MINORITY OWNED BUSINESS ENTERPRISE

LBE LOCALLY BASED BUSINESS ENTERPRISE

EBE EMERGING BUSINESS ENTERPRISE

DBE DISADVANTAGED BUSINESS ENTERPRISE

PLA PROJECT LABOR AGREEMENT

COMMENTS

_____

_____

_____

_____

Certification Statement:

I hereby certify that the information provided in this report is true and accurate to the best of my knowledge.

X _____ Date: _____

PRINT NAME OF REPRESENTATIVE

1. Tenant is required to achieve an overall water use reduction of 40% for the Premises using plumbing fixtures that include low-flow lavatories, low-flush toilets and low-flow urinals.

    - Low Flow Water Closets (1.28 gpf) or Dual Flush Water Closets (1.6 gpf/ 0.8 gpf)
    - Waterless Urinals or Pint Flush Urinals (0.125 gpf)
    - Ultra Low Flow Lavatories (0.35 or 0.5 gpm metered faucet)
    - Ultra Low Flow Kitchen and Janitorial Sinks (1.0 gpm)
    - Ultra Low Flow Shower Fixtures (1.5 gpm)
    - Residential Dishwashers (Energy Star)
    - Commercial Dishwashers (1.0 gallons/rack)
    - Residential Clothes Washers (4.5 WF (gallons/ft^3/cycle))
    - Commercial Clothes Washer (7.5 WF(gallons/ft^3/cycle))

2. Tenant is required to install HVAC systems that contain no Chlorofluorocarbon (CFC)-based refrigerants, reducing the Building's impact on the ozone. Tenant supplemental HVAC units with more than 0.5 pounds of refrigerant must comply with the following formula: LCGWP + LCODP x 105 £ 100

    - LCODP = [ODPr x (Lr x Life + Mr) x Rc]/Life
    - LCGWP = [GWPr x (Lr x Life +Mr) x Rc]/Life
    - LCODP: Lifecycle Ozone Depletion Potential (lbCFCll/Ton-Year)
    - LCGWP: Lifecycle Direct Global Warming Potential (lbCO2/Ton-Year)
    - GWPr: Global Warming Potential of Refrigerant (0 to 12,000 lbCO2/lbr)
    - ODPr: Ozone Depletion Potential of Refrigerant (0 to 0.2lbCFC11/lbr)
    - Lr: Refrigerant Leakage Rate (0.5% to 2.0%; default of 2% unless otherwise demonstrated)
    - Mr: End-of-life Refrigerant Loss (2% to 10%; default of 10% unless otherwise demonstrated)
    - Rc: Refrigerant Charge (0.5 to 5.0 lbs of refrigerant per ton of gross ARI rated cooling capacity)
    - Life: Equipment Life (10 years; default based on equipment type, unless otherwise demonstrated)

3. Tenant is required to contract with a Landlord approved waste and recycling hauler and to provide an easily accessible dedicated area for recycling (paper, corrugated cardboard, glass, plastics and metals). Tenant must create a dedicated recycling area on each floor within the Premises to facilitate efficient sorting and recycling of waste materials.

4. Tenant is required to supply at least 30% more ventilation compared to ASHRAE 62.1-2007 and comply with base Building HVAC design requirements that provide for at least 20 cubic feet per minute of outside air per person, based on standard occupancy densities.

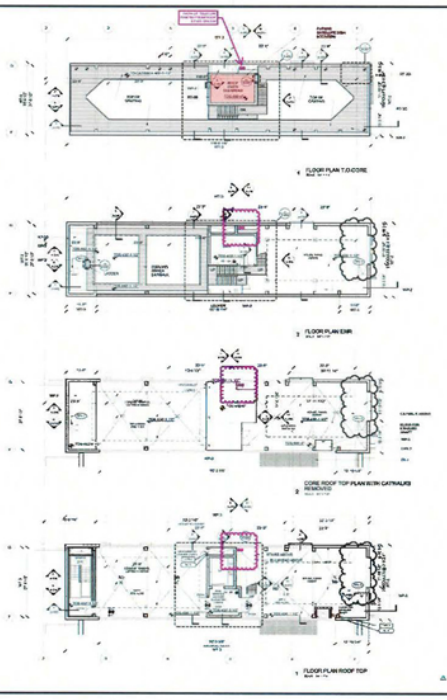
5. Tenant is required to comply with no-smoking policies instituted by Landlord which prohibit smoking within the Building or outside the Building within 25 feet of entries, outdoor air intakes and operable windows.

6. Tenant shall consider the use of energy efficient HVAC equipment and design. Tenant shall consider the use of low or no VOC materials, materials high in recycled content, and locally sourced materials.

7. Tenant Lighting shall comply with the following:

1. 2016 NYC ECC requirements for tenants. Lighting Levels to comply with 2016 NYC ECC by not exceeding the following listed maximum Watts/ft2 per use types requirements, OR by not exceeding a total allowable average Watts/ft2 calculated by multiplying the provided maximum Watts/ft2 for designated use types of the overall design (as outlined by 2016 NYC ECC), multiplied by the percentage of each use type represents of the total design area.
    a. Open plan office LPD no greater than 0.90 W/ft^2
    b. Enclosed office LPD no greater than 1.00 W/ft^2
    c. Conference room LPD no greater than 1.23 W/ft^2
    d. Employee lounge and break room no greater than 0.73 W/ft^2
    e. Occupancy sensors * in:
        i. All offices, enclosed and open plan
        ii. All storage and supply rooms
        iii. Printer rooms
        iv. All conference rooms
        v. Employee lounge and break rooms
    f. Daylight dimming in perimeter spaces with windows, with more than 150 W of general lighting
        i. Daylight responsive controls shall dim lights continuously from full light output to 15% of full light output or lower.

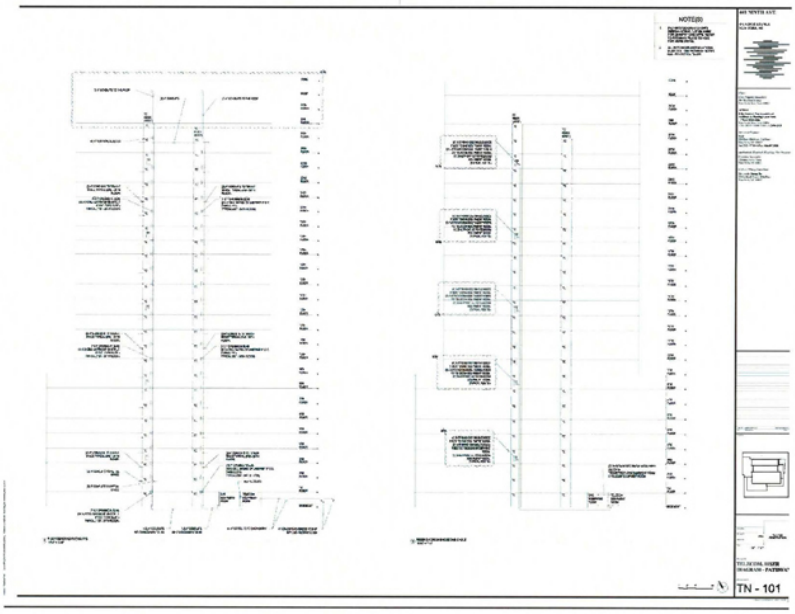
* *The occupancy sensors shall turn the lights off within 20 minutes of all occupants leaving the space.*



441 NINTH AVE

FLOOR PLANS ROOF

A-128.01


NOTES:
TN - 101

Period (both dates inclusive)	# of Months	Fixed Rent (per period or per annum)	Fixed Rent (per month)
Commencing on the 4th Floor Rent Commencement Date through the day prior to the Rent Commencement Date	8 Months	$ 2,918,502 (Per Period)	$ 364,813
Commencing on the Rent Commencement Date through the day prior to the 5th Floor Rent Commencement Date	16 Months	$ 23,951,258 (Per Annum)	$1,995,938
Commencing on the 5th Floor Rent Commencement Date through the through the day prior to the 5th anniversary of the Rent Commencement Date	44 Months	$ 28,228,373 (Per Annum)	$2,352,364
Commencing on the 5th anniversary of the Rent Commencement Date through the day prior to the 10th anniversary of the Rent Commencement Date	60 Months	$ 30,387,295 (Per Annum)	$2,532,275
Commencing on the 10th anniversary of the Rent Commencement Date through and including the Expiration Date	60 Months	$ 32,546,217 (Per Annum)	$2,712,185

Period (both dates inclusive)	# of Months	Fixed Rent (per period or per annum)		Fixed Rent (per month)	
Commencing on the 4th Floor Rent Commencement Date through the day prior to the Rent Commencement Date	8 Months	LL	$ 0	LL	$ 0
		4F	$ 2,918,502	4F	$ 364,813
		5F	$ 0	5F	$ 0
		6F	$ 0	6F	$ 0
		7F	$ 0	7F	$ 0
		8F	$ 0	8F	$ 0
		9F	$ 0	9F	$ 0
		l0F	$ 0	10F	$ 0
			(Per Period)		
Commencing on the Rent Commencement Date through the day prior to the 5th Floor Rent Commencement Date	16 5 Months	LL	$ 926,730	LL	$ 77,228
		4F	$ 4,377,753	4F	$ 364,813
		5F	$ 0	5F	$ 0
		6F	$ 4,237,845	6F	$ 353,154
		7F	$ 4,181,235	7F	$ 348,436
		8F	$ 4,105,245	8F	$ 342,104
		9F	$ 3,249,750	9F	$ 270,813
		10F	$ 2,872,700	10F	$ 239,392
			(Per Annum)		
Commencing on the 5th Floor Rent Commencement Date through the through the day prior to the 5th anniversary of the Rent Commencement Date	44 5 Months	LL	$ 926,730	LL	$ 77,228
		4F	$ 4,377,753	4F	$ 364,813
		5F	$ 4,277,115	5F	$ 356,426
		6F	$ 4,237,845	6F	$ 353,154
		7F	$ 4,181,235	7F	$ 348,436
		8F	$ 4,105,245	8F	$ 342,104
		9F	$ 3,249,750	9F	$ 270,813
		10F	$ 2,872,700	10F	$ 239,392
			(Per Annum)		
Commencing on the 5th anniversary of the Rent Commencement Date through the day prior to the 10th anniversary of the Rent Commencement Date	60 5 Months	LL	$ 992,925	LL	$ 82,744
		4F	$ 4,729,986	4F	$ 394,166
		5F	$ 4,629,348	5F	$ 385,779
		6F	$ 4,586,844	6F	$ 382,237
		7F	$ 4,525,572	7F	$ 377,131
		8F	$ 4,443,324	8F	$ 370,277
		9F	$ 3,431,736	9F	$ 285,978
		l0F	$ 3,047,560	10F	$ 253,963
			(Per Annum)		
Commencing on the 10th anniversary of the Rent Commencement Date through and including the Expiration Date	60 5 Months	LL	$ 1,059,120	LL	$ 88,260
		4F	$ 5,082,219	4F	$ 423,518
		5F	$ 4,981,581	5F	$ 415,132
		6F	$ 4,935,843	6F	$ 411,320
		7F	$ 4,869,909	7F	$ 405,826
		8F	$ 4,781,403	8F	$ 398,450
		9F	$ 3,613,722	9F	$301 ,144
		l0F	$ 3,222,420	10F	$ 268,535
			(Per Annum)		

Design Temperatures

Summer

Outdoor: 92°F D.B. / 74°F W.B.

Indoor: 75°F ± 2°F D.B. / 50% R.H. Max.

Winter

Outdoor: 10°F D.B.

Indoor 72°F ± 2°F D.B. (No humidification)

a. Cooling Load Densities

b. Occupant Densities

c. Outside Air Quality

- Clean all entry way glass as required throughout the day.
- Clean elevators as required, but at least twice a day
- Police all sidewalks throughout the day, and particularly during and immediately following the lunch period.
- Police main lobby throughout the day.
- Police and clean as required all loading areas, planter areas, and multi-tenant corridors.
- Police and clean as required all building service areas.
- Police and clean as required all bathrooms and common areas, including the elevators, a minimum of two (2) times per day and building staircases and lobby glass, the cost of which will be included in the Operating Expense base. Restock as required.
- Provide freight elevator operators as applicable.
- Clean roof setbacks. Sweep and dust stairways, handrails, etc.
- Wash stairwells as necessary.
- Perform other work as required by management.

- Empty wastebaskets and paper recycle bins and line with plastic bags (nightly). Plastic bags to be furnished by Landlord.
- Sweep all tile floors (nightly).
- Dust all furniture including desks, tables, chairs, etc. (nightly).
- Dust all telephones (nightly).
- Dust all filing cabinets, ledges, shelves, sills, counters, rails, trim, etc. (nightly).
- Vacuum all carpets one (1) days per week. Carpet sweep remaining four (4) days as necessary.
- Spot clean all doors and light switches.
- Upon completion of work, all lights will be turned off and all doors will be locked.
- All entrance doors will be locked during operation.
- Collect all trash left by freight elevator and place in designated area (nightly).
- Remove smudges on interior glass walls (every night)

- Sweep and wash (using disinfectant) all floors.
- Wash and polish mirrors, shelves, bright work and enameled surfaces.
- Wash and disinfect basins, bowls and urinals.
- Wash toilet seats.
- Hand dust and clean all partitions, tile walls, dispensers and receptacles.

- Empty paper receptacles and remove wastepaper.
- Fill toilet tissue holders, paper towels, hand soap and toilet seat covers.
- Empty and clean sanitary disposal receptacles.

- Sweep and mop all hard surface floors.
- Wipe clean security console.
- Pick up and dispose of all trash.
- Spot clean walls.
- Vacuum all runners.
- Spot clean all entrance door glass.
- Sweep sidewalks.

- Sweep and mop all floors.
- Wipe clean all walls.
- Dust and spot clean ceiling.
- Wipe clean all elevator doors (both sides).
- Vacuum and wipe clean all elevator tracks and saddles.

- Police daily (sweep, dust and spot mop).
- Monthly sweep and mop top to bottom.
- Dust all hand rails and pipes

- Wipe clean floors
- Wipe clean countertops
- Tenant is responsible for removal of all wet garbage and any other cleaning requirements for all pantries.

If to Agent: ACREFI HOLDINGS J-I, LLC
c/o Apollo Commercial Real Estate Finance, Inc.
9 West 57th Street
New York, New York 10019
Attention: Jay A. Jablonski

with a copy to: Gibson Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166
Attention: Victoria Shusterman

with a copy to: Situs Servicing
5065 Westheimer, Suite 700E
Houston, Texas 77056
Attention: Servicing—Kevin Schmidt

with a copy to: Situs Servicing
6 Concourse Parkway, Suite 1500
Atlanta, Georgia 30328
Attention: Ann Smith

If to Tenant Peloton Interactive, Inc.
125 West 25th Street
New York, New York 10001
Attention: Jill Woodworth, CFO

with a copy to: Blank Rome LLP
405 Lexington Avenue
New York, New York 10174
Attention: Samuel Walker, Esq.

If to Landlord: CBP 441 Ninth Avenue Owner, LLC
c/o Cove Property Group LLC
501 Madison Avenue, 5th Floor
New York, New York 10022

Attention: Kevin Hoo

with a copy to: Ropes & Gray LLP
1211 Avenue of the Americas
New York, New York 10036-8704

Attention: Daniel L. Stanco, Esq.

with a copy to: Cole Schotz P.C.
1325 Avenue of the Americas, 19th Floor
New York, New York 10019-6079
Attention: Leo Leyva, Esq.

AGENT:

ACREFI HOLDINGS J-I, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

_____
Notary Public

TENANT:

PELOTON INTERACTIVE, INC.

By: _____
Name:
Title:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

_____
Notary Public

LANDLORD:

CBP 441 NINTH AVENUE OWNER,
a Delaware limited liability company

By: _____
Name:
Title:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

_____
Notary Public

ISSUER OF LETTER OF CREDIT

By: _____

TO: [ISSUER OF LETTER OF CREDIT]

Date: _____ **Reference:** _____

(Issuing Bank's Letter of Credit Number)

" Transferring Bank" (Advising Bank's Reference Number, if applicable)

We, the undersigned "First Beneficiary", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("Credit") in its entirety to:

_____

(Print Name and complete address of the Transferee) "Second Beneficiary"

_____

_____

_____

Advise through: _____

(Print Name/address of Second Beneficiary's Bank, if known—if left blank, the Transferring Bank will select the advising bank)

_____

_____

In accordance with UCP 600 Article 38 or ISP 98, Rule 6 regarding transfer of drawing rights (whichever set of rules the Credit is subject to), all rights of the undersigned First Beneficiary in such Credit are transferred to the Second Beneficiary. The Second Beneficiary 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 directly to the Second Beneficiary without necessity of any consent of or notice to the undersigned First Beneficiary.

The original Credit, including amendments to this date, is attached and the undersigned First Beneficiary requests that you endorse an acknowledgment of this transfer on the reverse thereof The undersigned First Beneficiary requests that you notify the Second Beneficiary of this Credit in such form and manner as you deem appropriate, and the terms and conditions of the Credit as transferred. The undersigned First Beneficiary acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Second Beneficiary.

If you agree to these instructions, please advise the Second Beneficiary of the terms and conditions of the transferred Credit and these instructions.

First Beneficiary represents and warrants to Transferring Bank that (i) our execution, delivery, and performance of this request to Transfer (a) are within our powers and have been duly authorized (b) constitute our legal, valid, binding and enforceable obligation (c) do not contravene any charter provision, by-law, resolution, contract, or other undertaking binding on or affecting us or any of our properties and (d) do not require any notice, filing or other action to, with, or by any governmental authority (ii) we have not presented any demand or request for payment or transfer under the Credit affecting the rights to be transferred, and (iii) the Second Beneficiary's name and address are correct and complete and the transactions underlying the Credit and the requested Transfer do not violate applicable United States or other law, rule or regulation, including without limitation U.S. Foreign Asset Control regulations.

We further agree to indemnify and hold harmless you and each of your directors, officers and employees (each an "Indemnitee" and collectively, "Indemnitees") from and against any losses, damages, liabilities, claims, costs and expenses (including reasonable attorneys' fees) to which any Indemnitee may be subject or which any Indemnitee may incur, directly or indirectly, arising out of or relating to (i) any breach by us of the representations and warranties herein; and (ii) our failure to remit to you, upon demand, funds paid to us despite the Transfer.

(a) SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.

(Print Name of Bank)

(Address of Bank)

(City, State, Zip Code)

(Print Name and Title of Authorized Signer)

(Authorized Signature)

(Telephone Number)

(Date)

(Print Name of First Beneficiary)

(Print Authorized Signers Name and Title)

(Authorized Signature)

(Print Second Authorized Signers Name and Title, if required)

(Second Authorized Signature, if required)

(Telephone Number/Fax Number)

As an alternative to the above "Signature Guarantee", the following may be executed.

AUTHORIZED SIGNER CERTIFICATION

I the undersigned, DO HEREBY CERTIFY that I hold the following title: ☐ Secretary, ☐ Assistant Secretary, ☐ Chief Financial Officer, ☐ Chief Executive Officer, ☐ President, ☐ Vice President, ☐ Treasurer, ☐ Managing Member, ☐ Manager, or ☐ Other and I am authorized to certify on behalf of the First Beneficiary, as of the date of this Authorized Signer Certification, that the person(s) named above presently holds the office set forth below such person's name, and below the officer designation is the genuine signature of such person.

That such person named above (an "Authorized Officer"), is authorized on behalf of the First Beneficiary to enter into or execute and deliver this request to transfer a letter of credit issued by JPMorgan Chase Bank, N.A. and/or any of its domestic or foreign subsidiaries or affiliates (individually and collectively, the "Bank") including the above terms and conditions included in such Request for a Full Transfer of a Standby Letter of Credit.

WITNESS WHEREOF, I have hereunto subscribed my name this day of , 20 .

*By: _____
(Signature)
Name: _____

(*The person making this certification may not be the Authorized Officer signing the above Request for a Full Transfer of a Standby Letter of Credit).

Authorized signer’s signature

Name, title, date for authorized signer

I. Floors, Ceilings and General Structure

a. Podium floors 4 through 8: The existing structure is cast in place concrete; exposed structural arch (underside of structure —'ceilings') to be delivered free of appurtenances, piping, hangers, brackets, junction boxes, conduit, cabling and lighting, etc. that are not required and/or abandoned. Surfaces which, in some areas, are painted, to be patched flush with adjacent surfaces. Spalls greater than 1" wide and 1" deep will be filled; abandoned electrical boxes cast in concrete will be left in place. Existing concrete floors will be delivered as is, except for filling of spalls and divots as noted above.

b. Tower Floors 9 through 10: New construction, structural steel frame and concrete on metal deck delivered with a trowel finish. All new trowel-finished slab shall achieve an overall tolerance of ¼ inch in 10' and no more than +/-1 inch overall from theoretical. Landlord to provide survey.

2. Walls

a. The exterior walls will be weather-tight sufficient to protect the interior from inclement weather (including temporary doors at hoist entrance until such time as hoist is removed).

b. As an additional Landlord's work item, Landlord shall provide insulation and sheetrock as follows:

i. Podium Floors 4 through 8:

1. Below the window - GWB from floor to sill, finished to receive paint

2. Above the window frames -GWB from window frame to slab above, finished to receive paint

3. Perimeter columns to be structural concrete only, no GWB lamination.

ii. Tower Floors 9 and 10:

1. Below the window—GWB from floor to sill, finished to receive paint

2. Above the window frames - GWB to 6" above window, finished to receive paint

3. All Perimeter columns to be structural steel with spray on fireproofing only, no GWB lamination.

c. Surveyor's "benchmark" will be provided at each typical floor elevator lobby indicating final sill height and elevator drywall lobby finish location.

d. Core walls (core and egress stairs) facing tenant space of the Floor will be furred taped and spackled and finished ready to paint drywall.

3. Columns

a. Podium Floors 4 through 8: Perimeter and interior columns to be exposed structural concrete. The columns are a combination of existing (including some painted) and new reinforced columns.

b. Tower Floors 9 and 10: Perimeter and interior columns to be exposed structural steel with spray-on fireproofing.

4. Windows

a. Windows shall be delivered new and sealed, consistent with the delivery condition in Landlord's marketing suite, excluding the western lot line windows.

b. Façade for the entire demise shall be installed and watertight including insulation between the curtain wall and the slab.

5. Restrooms

a. Typical restrooms are comprised of floor, walls, ceiling and internal finishes, toilet partitions, vanity units, mirrors, sanitary fittings, associated plumbing, lighting, power and ductwork. Restroom slabs are depressed to allow for a finished floor build-up, including floor drains and associated waterproofing.

b. The quantity of fixtures provided, based on the applicable codes and regulations, exceed the requirements (by a minimum of code +1) on a floor-by-floor indoor population basis with an average population density derived from preferred test fits at a 50:50 male/female ratio.

c. Restroom room finishes:

i. Walls: Painted drywall/ceramic tile/wall covering.

ii. Floor and Base: Ceramic/porcelain tile.

iii. Ceilings: Painted drywall.

iv. Doors: Painted hollow metal.

v. Toilet Partitions: Floor-mounted anodized aluminum or custom laminate.

vi. Lighting: Recessed down lights, cove lighting, and frontal lighting at vanity mirrors.

vii. Miscellaneous: Stainless Steel Mirrors, double toilet paper holders, paper towel dispensers, towel bins, seat cover dispensers, and soap dispensers. Female restrooms have handbag shelves.

viii. Vanities: Granite/stone or equivalent.

d. Core restrooms on Podium floors 4 through 8 and Tower floors 9 and 10 will be completed and operational. Provisions for additional connections to toilet exhaust riser are provided. Tenant is responsible for protecting and cleaning the Restrooms within their premise if using during construction by Tenant's construction workers.

6. Mechanical/HVAC

a. All air conditioning units are installed and operational.

b. Delivery of the main HVAC duct complete with fire dampers, fire/smoke dampers, smoke detection, etc. tied into the Building life safety systems at the walls of HVAC trunk duct with acoustic silencer is stubbed outside each MER for Tenant's connection. Units shall be fully operation for Tenant at this time.

c. Heating Plant - Two (2) 2.5" heated water lines with valved outlets capped at each floor off Landlord's boiler plant shall be installed. Landlords heating system should be operational.

d. BMS System - BMS system to be installed and fully operational. Tenant may connect into the base building BMS system or install its own system as it desires.

7. Electrical

    a. New electrical bus ducts have been installed in the core with take-off switches and metering.

    b. A new 1250 kW diesel-engine emergency generator and 480/277V emergency distribution circuit breakers, integral to the generator, will be provided to serve the Building's code required life safety and standby loads, with 134 kW of spare capacity available for Tenant's use at Tenant's cost.

    c. Emergency power for Tenant's emergency lighting system shall be brought to each floor of the premises.

8. Plumbing

    a. Valved outlets are available at the core for Tenant's use. Landlord risers have been installed and system operational.

9. Fire Protection

    a. Combination standpipe sprinkler risers have been provided in the core, and a temporary construction sprinkler loop has been installed from stair to stair. Tenant to remove temp loop and extend sprinkler service to Premises. Tenant shall not be required to drain temporary sprinkler loop while performing its work. System shall be operational. Tamper switches have been connected to the building fire alarm system.

    b. Fire extinguisher cabinets shall be finished and include extinguisher to meet the requirements for a Zero TCO.

10. Fire Alarm System

    a. Connection points for Tenant's strobe, speaker strobes and warden stations as required. Tenant to determine its requirements relative to the existing Class E system. All base building fire and safety systems, including alarms, speakers, communications, etc. shall be installed and operational but not fully tested or commissioned. Landlord to provide panel(s) with sufficient points for Tenant tie in on each of Tenant's floors. Tenant shall be required to use Landlord's fire safety system vendor in connection with any tie-ins to the Buildings Class E system.

11. Telecommunications

    a. Telecom riser space to be provided in the two telecom riser closets. Base Building BMS and electrical metering systems are to be installed for the core only.

    b. Two (2) 4" conduits will be stubbed out of each telecom closet to each office floor and Tenant shall have use of a reasonable amount (capped at Tenant's proportionate share) of the Building's available pathways. Tenant shall have the right to use the carrier of its choice.

    c. Landlord intends to partner with a wireless telecommunications vendor ("**DAS Owner**") to design, install, operate and maintain a Distributed Antenna System **("DAS")** for the Building as part of the Base Building work. Tenant shall cooperate and coordinate with DAS Owner for the design, installation and maintenance of the DAS system within Tenant's space. Landlord shall not charge an override fee for this service.

12. Fireproofing

    a. Fireproofing Levels 4 through 8; As the structure is cast in place reinforced concrete, fireproofing to be provided as per code and inspected on limited structural steel as shown on plans.

b. Fireproofing Levels 9 and 10: Fireproofing to be provided on all structural members as per code and inspected.

13. Outside hoist and hoist and enclosure have been removed and the façade installed accordingly.

14. Common Core

a. Low Rise Elevators will be installed and operational. A minimum of three (3) High Rise Elevators will be operational.

b. Egress Stairs - Construction will be complete. Tenant contractors shall be allowed to use stairs between floors during construction.

c. All core doors, hardware and frames shall be in full compliance with all applicable codes (including ADA) and fully installed in accordance with base building drawings provided and in good working order.

d. Code compliant fireproofing of any exposed structural steel and fire-stopping of all shafts, pipe penetrations, core walls and slabs.

e. Terrace space to be delivered in accordance with code. Inclusive of pavers, egress lighting, railings, fire alarm devices, hose bibs and egress in accordance with attached plan attached as Schedule 4 to this Schedule L.

- LOBBY WALL AND CEILING SECTIONS LEFT OUT TO FACILITATE WORKER ACCESS TO HIGH RISE AND LOW RISE ELEVATORS (WITHIN 12 MONTHS OF COMMENCEMENT DATE BUT SUBJECT TO OTHER TENANT ALTERATIONS)
- FINAL PAINTING OF STAIRWELLS (WITHIN 60 DAYS FOLLOWING COMPLETION OF TENANT WORK)
- FINAL ELEVATOR CAB FINISHES FOR 2 CABS IN EACH BANK WHICH COULD BE USED FOR (ANY) TENANT CONSTRUCTION (WITHIN 12 MONTHS FOLLOWING COMPLETION OF TENANT WORK)
- SIDEWALK BRIDGE REMOVAL OR REPLACEMENT WITH A SIDEWALK BRIDGE WITH ENHANCED HEIGHT OVER THE LOBBY ENTRANCE ONLY (WITHIN 12 MONTHS OF COMMENCEMENT DATE BUT SUBJECT TO OTHER TENANT ALTERATIONS AND LOCAL LAW WORK)
- COMPLETION OF FAÇADE AT HOIST LOCATION TO BE CONCURRENT WITH ZERO TCO

1.1.1 Tenant shall properly coordinate the Tenant's Work with the Landlord's Work and the Excepted Work and shall ensure that the general construction contract for Tenant's Work ("**Tenant's Work Construction Contract**") provides for such requirement/obligation. Tenant shall ensure that the Tenant's Work Construction Contract includes appropriate provisions to the effect that, if any part of the Tenant's Work depends on the proper execution or results of the Landlord's Work, then the Tenant's Work general contractor ("**Tenant's Work Contractor**") shall inspect the Landlord's Work and shall promptly report to Tenant any defects it discovers in the Landlord's Work that render it unsuitable for the proper execution of the Tenant's Work. To further ensure the proper execution of the Tenant's Work, Tenant shall require the Tenant's Work Contractor to field verify work already in place and to promptly report to Tenant any discrepancies it discovers between the executed Landlord's Work and the Tenant's Work Construction Documents.

1.1.2 Landlord shall cause Landlord's Contractor to perform the Landlord's Work in a manner that does not unreasonably or materially interfere with or impede the performance by the Tenant's Work Contractor of the Tenant's Work.

1.1.3 Tenant's Work shall be performed in a good and workmanlike manner, using new materials and equipment (unless otherwise specified by Landlord) substantially in accordance with the Tenant's Work Construction Documents as approved by Landlord.

1.2 Tenant may perform its initial alterations during normal working hours and as permitted by the DOB, including afterhours variance permits. Notwithstanding anything to the contrary set forth in the Lease and/or any exhibits, prior to another tenant taking possession of any portion of the Building, Tenant may perform trenching, core drilling work, and similar substantially disruptive activities during any hours of the day, subject to Landlord's reasonable consent. Once another tenant has taken possession of any portion of the Building, notwithstanding any prior Landlord consent, Landlord shall have sole discretion with respect to the hours in which Tenant may perform trenching, core drilling work, and similar substantially disruptive activities.

1.2.1.1.1 **Government Permits and Approvals**.

1.2.1.2 Tenant shall be responsible for timely obtaining, from appropriate Governmental Authorities, all licenses, permits and approvals necessary for the proper performance of the Tenant's Work. Tenant shall be responsible for the cost of such licenses, permits, approvals, and consents. Landlord shall cooperate with Tenant (at no cost to Landlord) in obtaining such licenses, permits and approvals.

1.2.1.3 Building Department permits to be provided to Landlord prior to tenant construction.

1.2.1.4 Amended Certificate of Occupancy permitting Tenant's occupancy to be submitted to Landlord prior to tenant occupancy.

1.2.1.5 No construction is to be started until architectural, MEP Engineering design drawings and load letters have been submitted and approved by property management and are NYC Code Compliant.

1.2.1.6 All valid permits should be submitted to Landlord as required by jurisdiction having authority, including equipment use and/or operating permits, licenses, etc.

1.2.2 **Landlord Right of Access and Inspection; Progress of the Work**. Prior to Tenant's use or occupancy of any portion of the Premises for the conduct of its business, Landlord and Landlord's Architect shall have the right of access to inspect such portion of the Premises and the Tenant's Work and Tenant shall allow Landlord and Landlord's Architect access to the Tenant's Work for such inspections. Landlord, Tenant, Tenant's Architect, Landlord's Architect, and, where appropriate, the Landlord's Contractor and the Tenant's Work Contractor shall meet as required to discuss the progress of the construction of the Tenant's Work and its coordination with the Landlord's Work. When the construction of the Tenant's Work is finally complete, Tenant shall furnish to Landlord as built plans for the Tenant's Work.

1.2.3 **Utilities; Protection of Work; General Conditions; Clean-up**. Tenant shall make arrangements with Landlord for temporary water and metered power connections (to disconnect) during the period when the Tenant's Work are being constructed so that each of Landlord and Tenant shall pay their share of actual costs based upon usage. Notwithstanding the foregoing, the installation and connection of temporary electrical and water utility risers at a central location within the core on each Floor shall be at the sole cost of Landlord. Tenant shall be responsible for the removal of trash and construction debris resulting from the construction of the Tenant's Work. Landlord and Tenant shall take all reasonable steps requested by the other party to protect each party's work from and against damage arising out of their respective construction operations.

2 **After Hours**: Tenant is responsible for afterhours work permit approval and requisite security personnel for weekend and weekday after business hour usage when Landlord is not working. If Tenant's fit-out contractor works a weekend shift, or other than normal working hours during the week, and the Landlord/Landlord's contractor is not working, Tenant is responsible for paying the cost of the elevator operator at $125/hour for a minimum of a 4 hours shift on weekends and 1 hour for other than normal working hours on weekdays which amount shall be subject to increase on each anniversary of the date of this lease in the same percentage of increase in the CPI over the Base CPI.

3 Intentionally Omitted

4 **General Requirement Pertaining to Site Logistics, Access, Protection, Etc.**

4.1 Toilet rooms on floors will be handed over in a finished condition; It is Tenant's responsibility to secure and or protect toilet rooms. Tenant may use designated core toilet rooms for the construction trades provided that the rooms are adequately protected, toilet partitions are removed, and the temporary protection is signed off by Owner.

4.2 Tenant shall provide names of its contractor(s) and tiered contractors for Landlord approval; for which Landlord approval will not be unreasonably withheld. Contractors and tiered contractors will maintain insurance equal to that required by Tenant and be bound by the same terms and conditions as those of the Lease.

4.3 Tenant understands that its Work will be performed adjacent to occupied buildings (Webster Apartments) and shall take all precautions to ensure that no improper behavior, noise, dust, damage or interruptions will occur that will disturb these other properties or their occupants. Tenant agrees to concur immediately with the Landlord regarding reasonable mitigation measure required.

4.4 Tenant shall review existing Landlord's contractor site logistics plan and coordinate and prepare a project specific logistics plan, for the Tenant's Work, for approval by Landlord.

4.5 Tenant (or its agents) shall make deliveries only at designated delivery locations (dock building loading dock). Tenant's Work Contractor shall coordinate, at least seventy-two (72) hours in advance, with the Property Manager for all material deliveries.

4.6 Tenant shall develop and coordinate its Site Security Plan with the Landlord's Contractor and Landlord. The site security plan shall provide a framework and procedures for secure access to the building, pathways of travel within the building, security means and measures. Landlord is responsible for providing the Landlord's security service. Tenant is responsible for security within the demised premise.

4.7 All finished public areas such as elevator lobbies, corridors, bathrooms, and service halls shall be protected with Masonite and craft paper and film-tex to the satisfaction of the Landlord.

4.8 Clear access to be provided at all times to stairwells, mechanical/electrical rooms and equipment, elevators, fire hoses, valves, fire dampers and maintenance sensitive equipment.

4.9 Contractor to obtain any Hot Work Permits necessary (from Landlord) for brazing and welding required for the intended work. Access to Landlord's electrical, telephone, fire alarm and mechanical rooms shall be by Landlord / Building Staff.

5 **Miscellaneous Requirements**

5.1 Any work that is to be performed outside of the tenant's premises must be reviewed and scheduled in advance with Landlord.

5.2 Upon completion of the Tenant's Work, Tenant shall deliver (electronic and one hard copy) a complete turnover package, including as built drawings, warranties, contract drawings and specifications, equipment specifications.

5.3 Construction personnel must carry proper identification at all times.

5.4 Construction personnel are not to eat in any common areas including lobbies, staircases, pantries, storage rooms, etc.

5.5 Landlord must be notified in advance of all building system tie-ins, any welding, or any work affecting the Landlord's or other tenant spaces unless agreed to otherwise. All tie-ins to Landlord's risers will be performed on off hours and supervised by Engineering or Electrical Staff and reimbursed by the Tenant.

5.6 Landlord must be notified in advance of the following work. This work must NOT be done on standard time and not during normal business hours unless approved by Landlord and Tenant:

- Demolition which per Landlords' judgment may cause disruption to other tenants.
- Oil base painting
- Gluing of carpeting
- Shooting of studs for mechanical fastenings
- Testing of life safety system, sprinkler tie-ins.
- Work performed outside of tenant's premises.
- Welding, brazing, soldering and burning with proper fire protection and ventilation.
- Other activities that, in Landlords' judgment, may disturb other tenants.
- Power shutdowns.

5.7 Landlord Locking hardware is to be keyed per building standards

5.8 Any unusually heavy equipment (vaults, batteries, a/e units, transformers, storage racks, etc.) supported by floor or hung from ceiling are subject to structural engineer's approval.

5.9 Any tie-in to the Landlord's Fire & Life Safety (Class "E") system must be performed by the Landlord's contractor. All new systems to be compatible to Landlord's systems. All fire plenum wiring to have minimum rating of 200 degrees C.

5.10 Distributing ample hand-extinguishing equipment throughout the premises should provide adequate supplementary fire protection. The 15 to 20 lb. multipurpose dry-chemical extinguisher is recommended. Until sprinkler protection can be placed in service, hose lines should be connected in areas where construction is in progress. Hydrants, hose connections, and other fire fighting equipment must be readily accessible at all times—never blocked by construction materials.

5.11 Shanties must have self-contained fire extinguishing canisters mounted above and smoke detection.

5.12 Combustible rubbish should be disposed of promptly and safely. Strict rules and an adequate number of cleanup personnel are essential to facilitate the removal of accumulations of paper wrappings, scrap lumber, and other construction rubbish. Prompt disposal is particularly needed for material subject to spontaneous ignition, such as oily waste and paint rags.

5.13 The Landlord should be notified when the automatic sprinkler control valves are shut, no matter what the duration is.

5.14 A valve tag chart and schedule for the plumbing piping and the HVAC piping are to be submitted to the Landlord.

5.15 All plumbing connections shall be performed at times least inconvenient to other tenant populations. Schedule all tie-in to the Landlord's system with the Landlord

5.16 All piping systems shall be copper and adequately supported from the 'building" structure and be provided with identification labels with water flow every 20 feet.

5.17 The cleaning of supplemental condenser water pipes shall be done in the presence of the Landlord's representative with the chemical used per the building's chemical treatment company's recommendation.

5.18 All air balancing to be witnessed by the Chief Engineer of the building or his representative. A certified report is to be provided to the Landlord.

5.19 Ductwork shall be constructed in accordance to the SMACNA HVAC duct construction standards.

5.20 All mechanical and electrical equipment shall have permanent identification labels affixed.

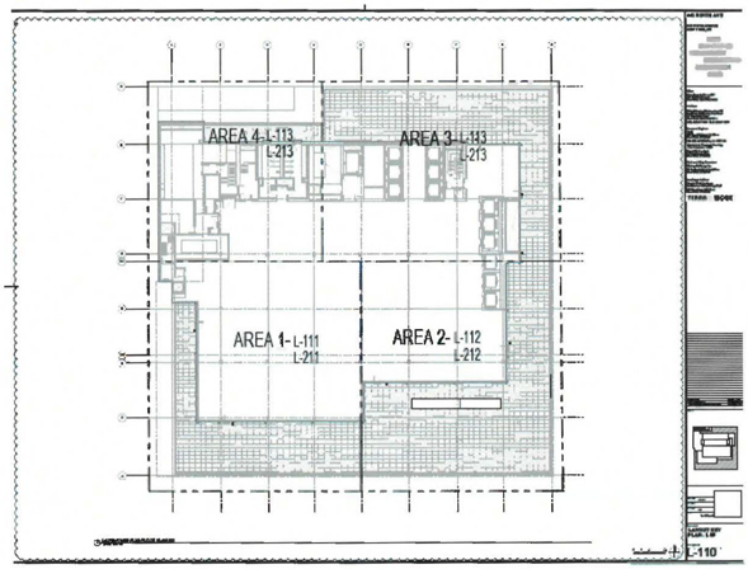
5.21 All telecommunication cabling in common areas, mechanical equipment rooms, etc. shall be installed in an enclosed raceway/cable tray and shall be identified.

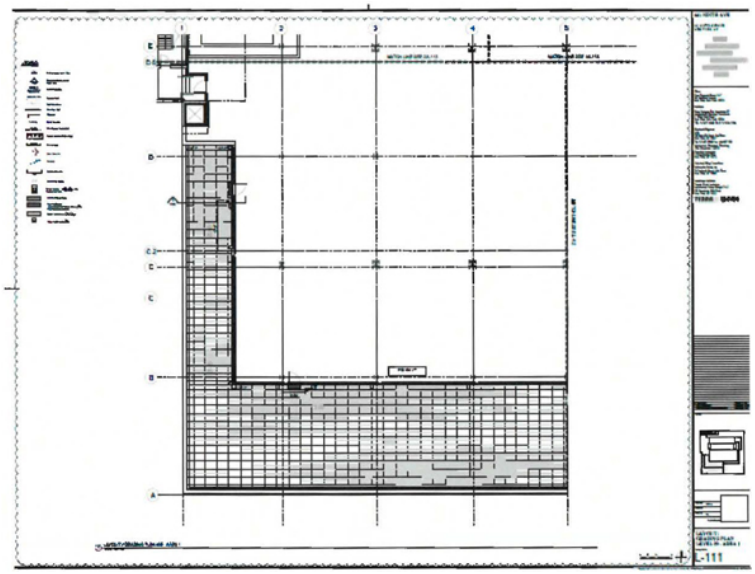
5.22 Transformers, panel boards (double hinged covers), switches, etc. shall be installed as to permit infrared testing of components.

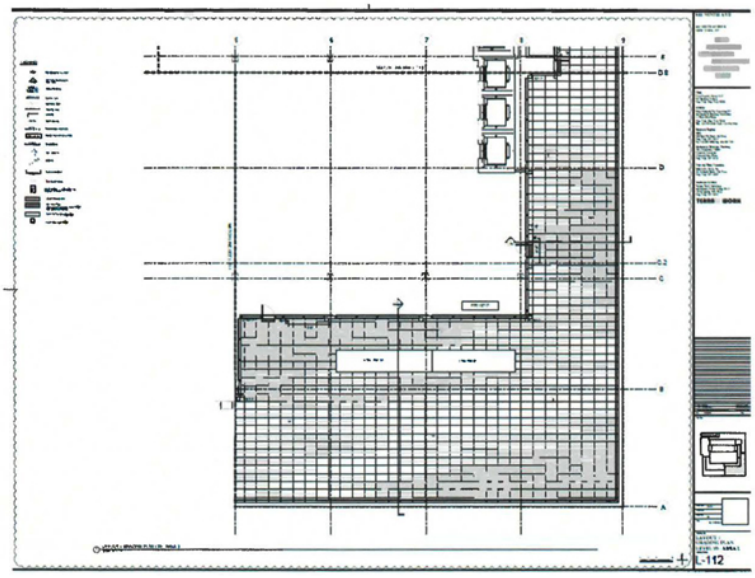
5.23 At no time shall a Installations Contractor do or permit anything to be done, whereby the property may be subject to any mechanic's lien or other liens or encumbrances arising out of the work; and Landlord consent herein shall not be deemed to constitute any consent or permission to do anything which may create or be the basis of any lien or charge against the Property in the demised premises or the real estate of which they are a part. On-going partial general release and final Waiver of Lien to be obtained with progress payments.

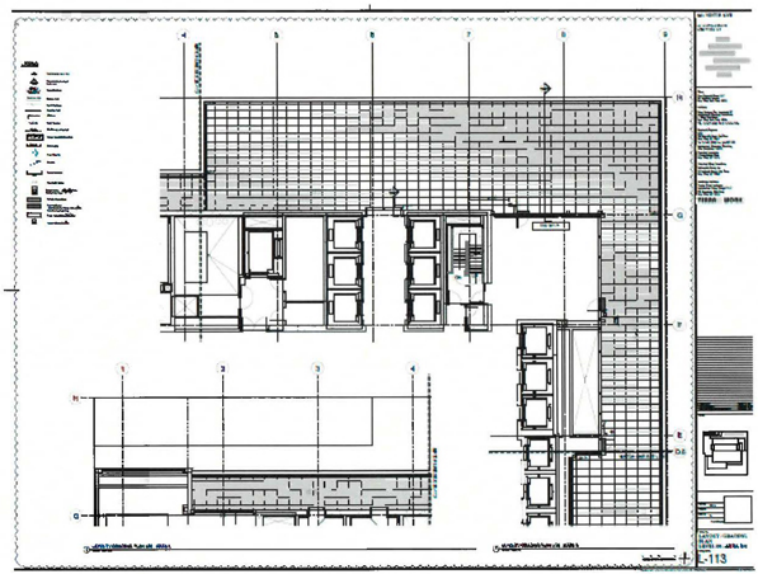
5.24 The architect, engineer, contractor, and any and all sub-contractors that may engage to perform all or any portion of the work shall, at their sole cost and expense, and at all times while performing work hereunder, maintain the required insurance coverage listed in the project contract documents with companies satisfactory to Landlord. A certificate evidencing the coverage, specifically quoting the Indemnification provision set forth by the Contract must be delivered prior to commencement of work.

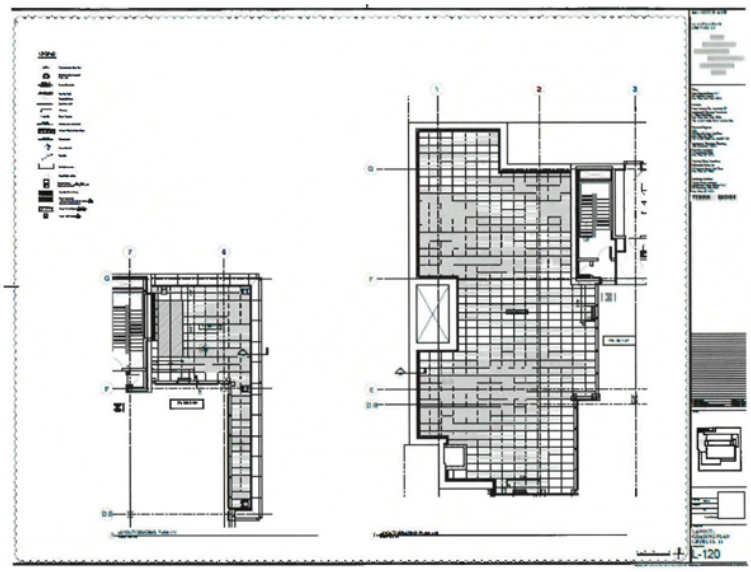
5.25 The failure of any contractor or sub-contractor to keep the required insurance policies in force during the performance of the work covered by this agreement, any extension thereof of any extra or additional work contracted to be performed by such contractor or sub-contractor shall be a breach of this agreement, and in such event, Landlord shall have the same rights and remedies as it does for other defaults under this Lease.

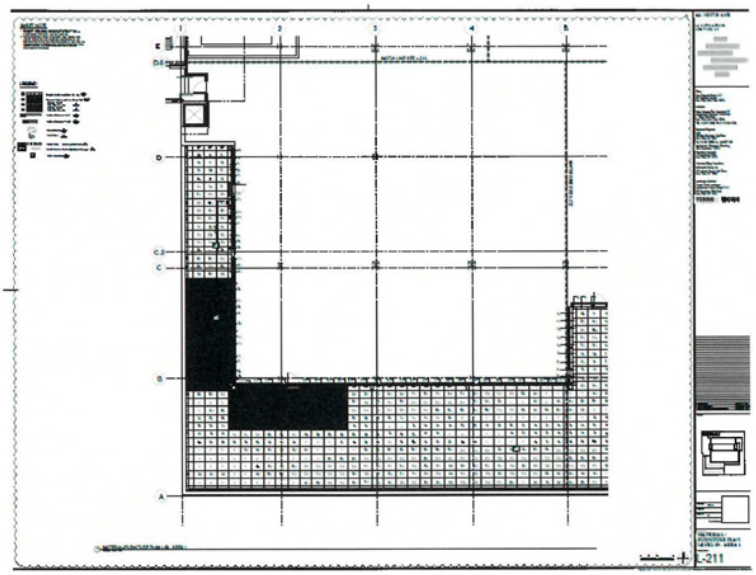

AREA 4- L-113
L-213
AREA 3- L-113
L-213
AREA 1- L-111
L-211
AREA 2- L-112
L-212
L-110

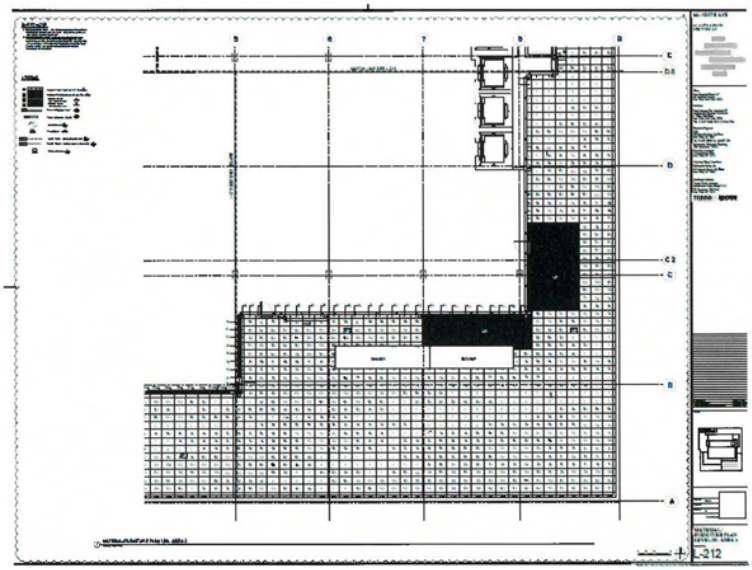



L-112





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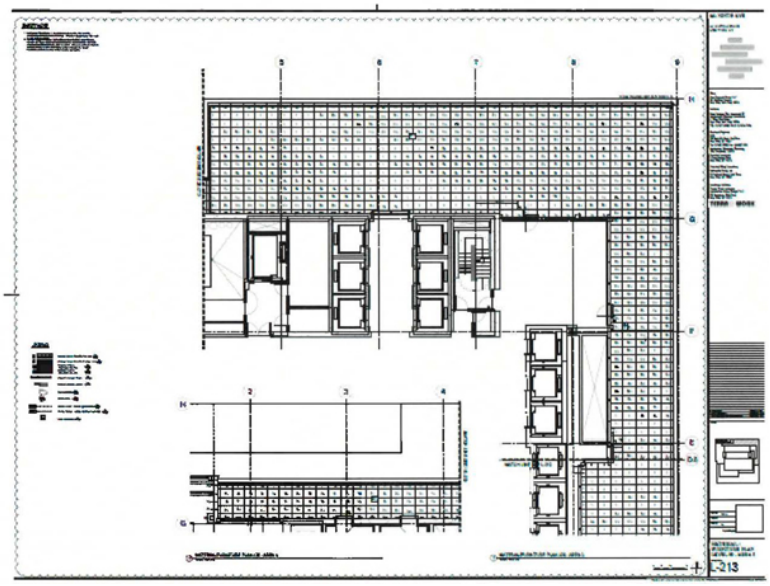
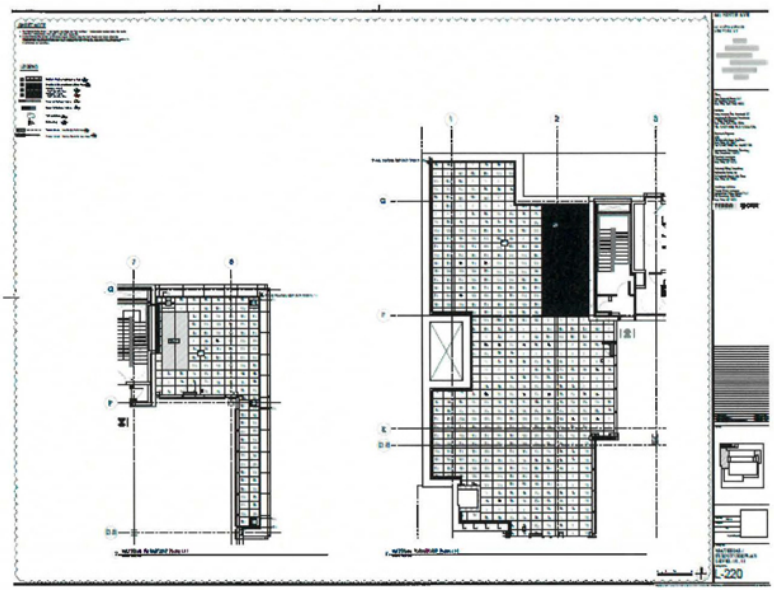
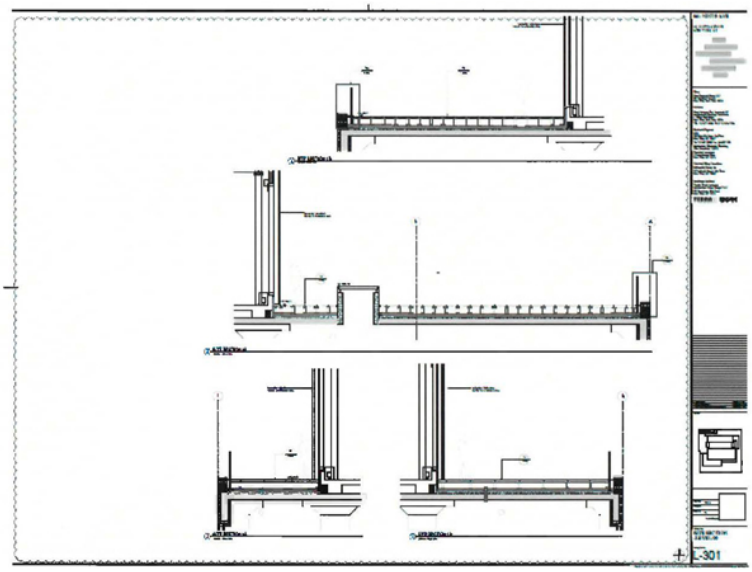
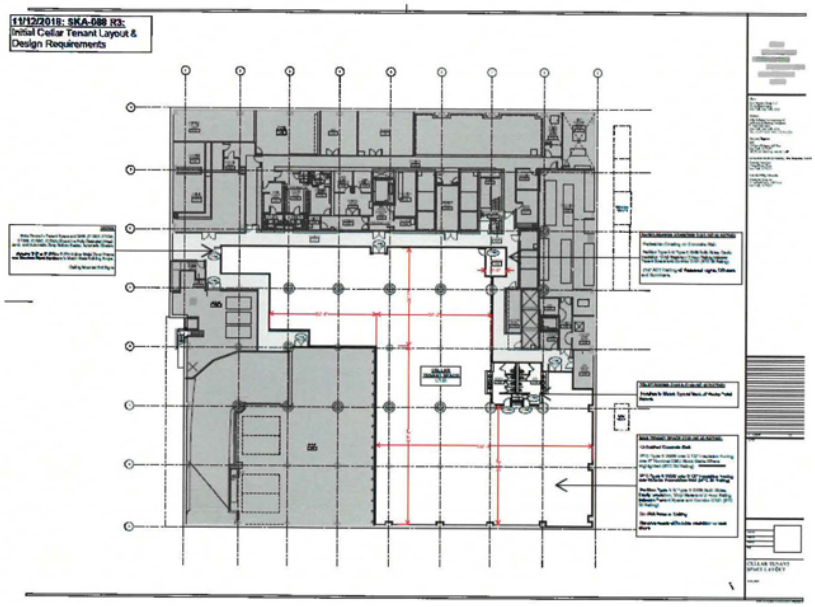
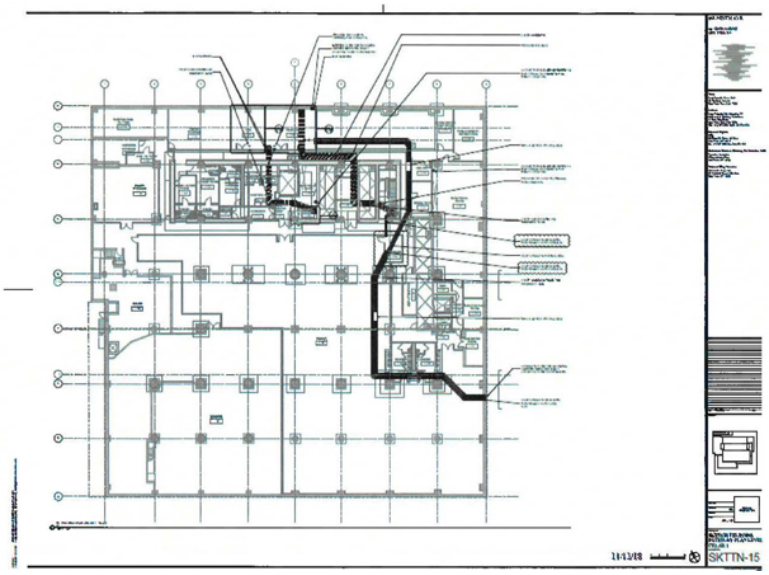


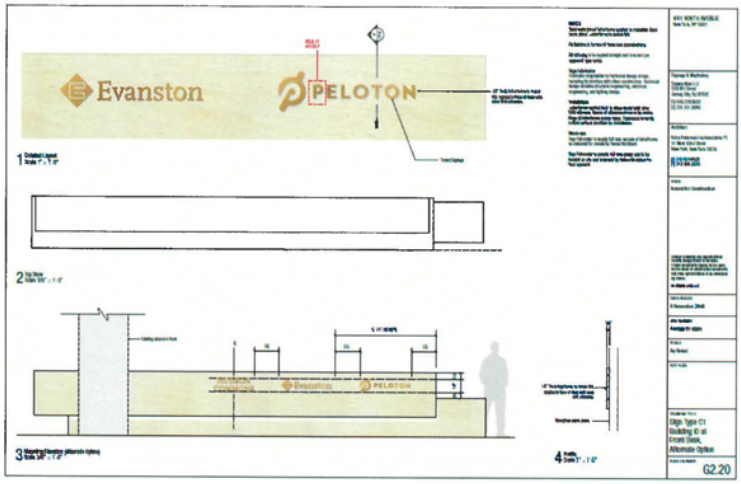


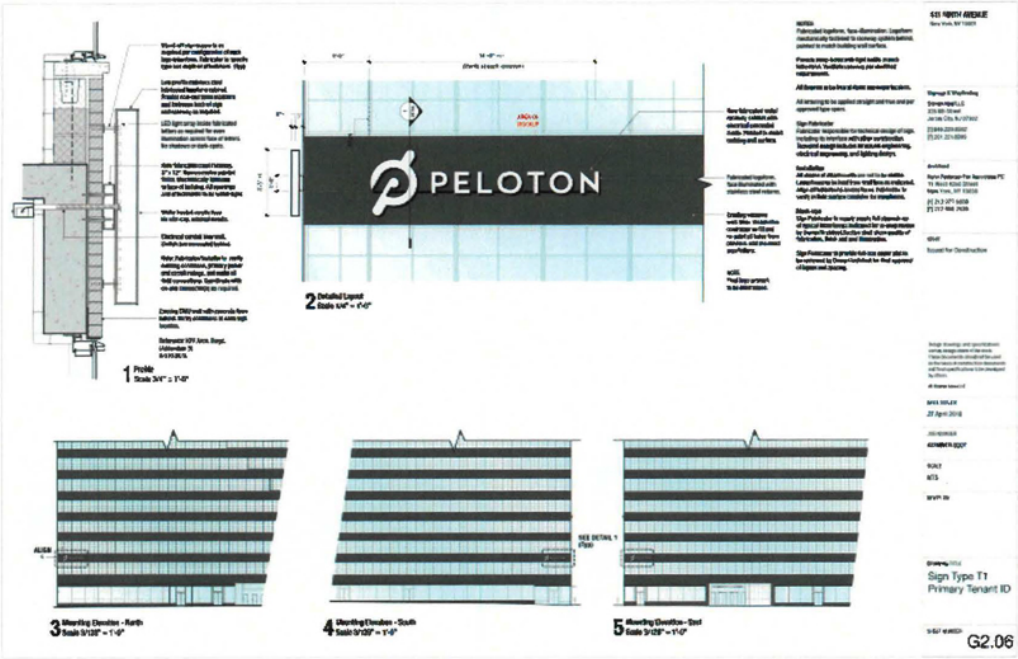

L-301



1 Attached drawings address POE comment raised in the recent meeting. Landlord is still waiting for confirmation from Tenant with respect to the plans and costs for the Lower Level Work, which now includes this change to POE at no additional cost.


SKTTN-15


Evanston
PELOTON
Sign Type C1
Building ID at
Front Desk,
Alternate Option
G2.20


PELOTON
1 Profile
2 Detailed Layout
3 Mounting Elevation - North
4 Mounting Elevation - South
5 Mounting Elevation - East
Sign Type T1
Primary Tenant ID
G2.06

1 Mounting Elevation — Main Entrance
Scale: 1/4" = 1'-0"

441 NINTH AVENUE

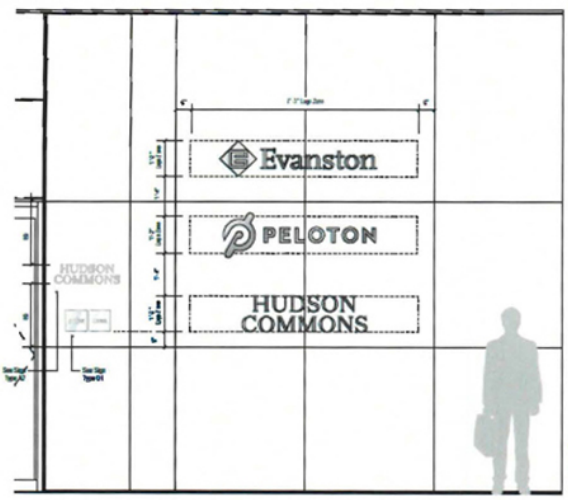
Issued for Construction

21 August 2018

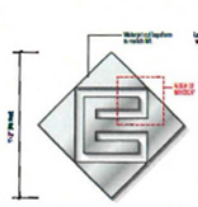
As Noted

Sign Type T4
Secondary Tenant
Identification

G2.40B



1 Mounting Condition — Stone Wall at Main Entrance
Scale: 1/2" = 1'-0"



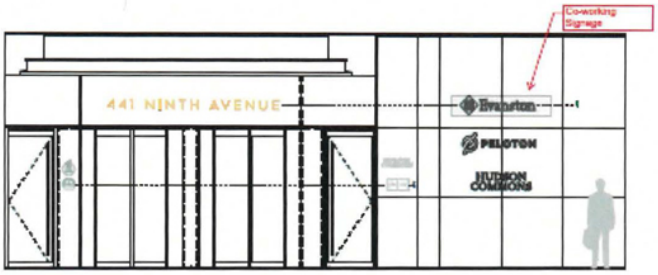
2 Detail — Logotone
Scale: 3" = 1'-0"

3 Profile — Logotone
Scale: 3" = 1'-0"

441 NINTH AVENUE
New York, NY 10001

Sign Type 14
Secondary Tenant Identification, Alternate

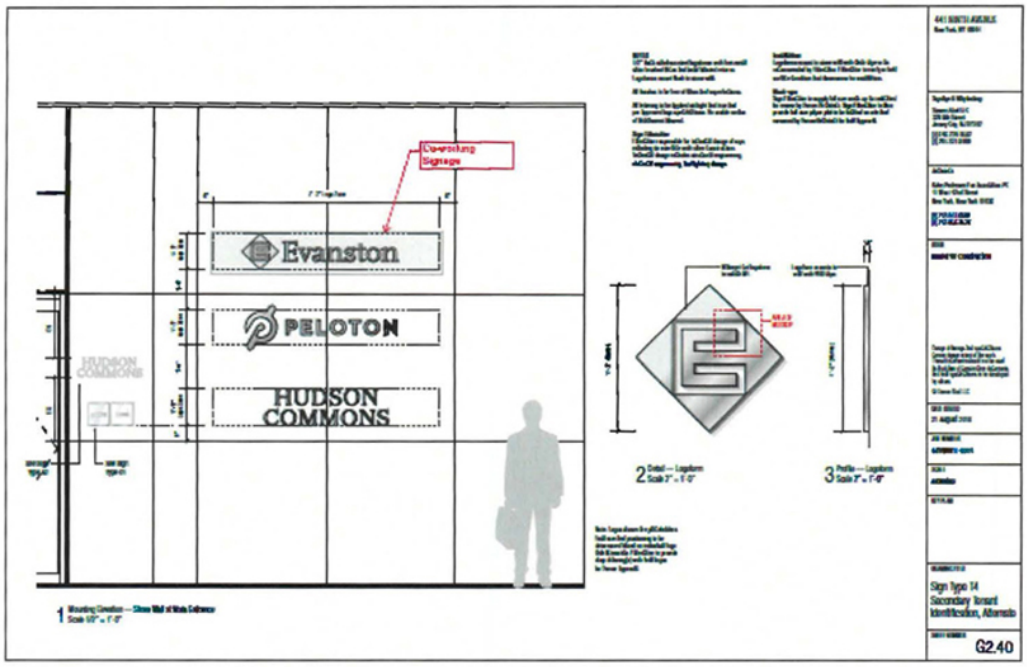
G2.40

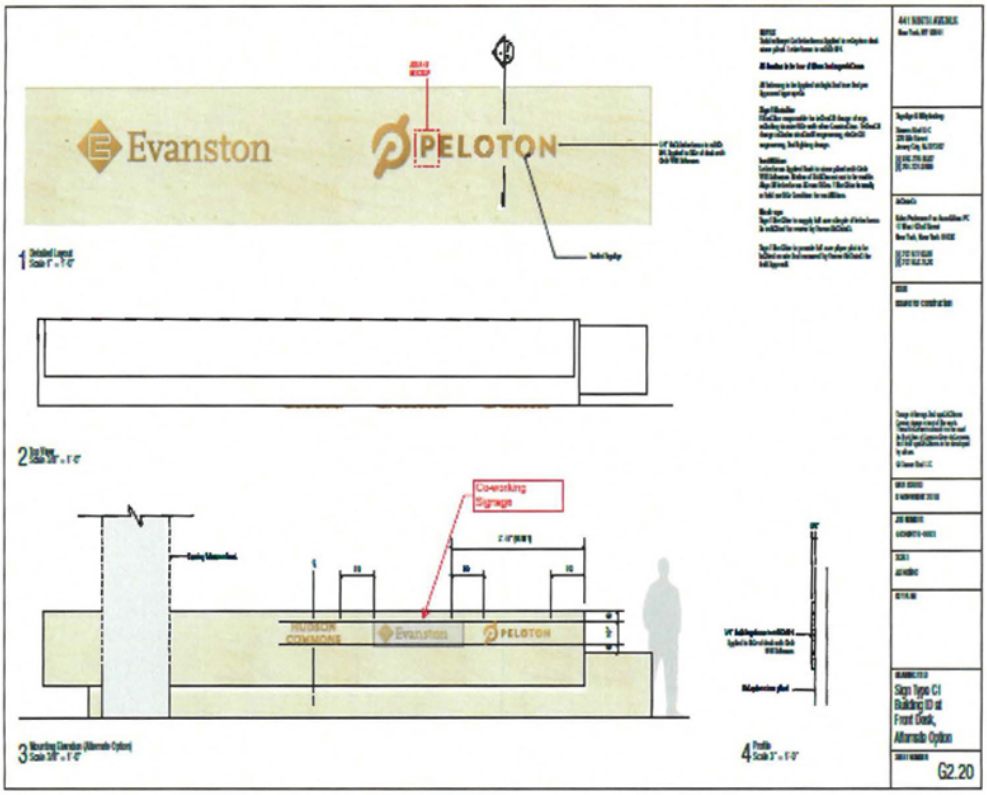


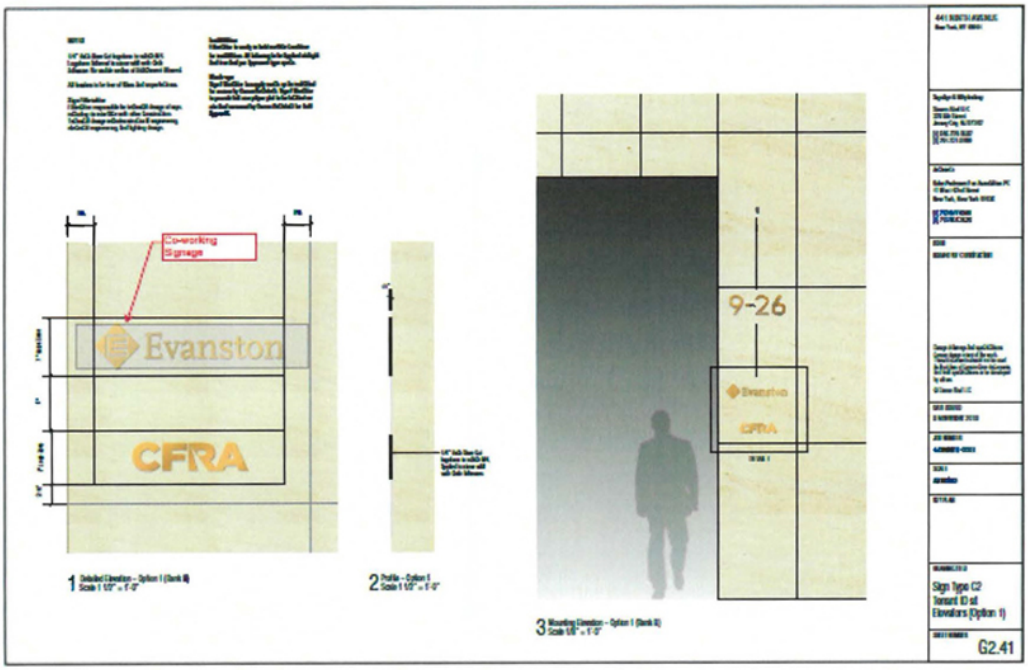
1

Sign type 14
Secondary tenant identification

G2.40B


Overstock Signage
Evanston
PELOTON
HUDSON COMMONS
HUDSON COMMONS
1 Mounting Elevation — Show Wall at Main Entrance
Scale 1/8" = 1'-0"
2 Detail — Logoform
Scale 3" = 1'-0"
3 Profile — Logoform
Scale 3" = 1'-0"
Sign Type 14
Secondary Tenant Identification, Aftermath
G2.40


Evanston
PELOTON
Co-working
Signage
Sign Type C1
Building ID at
Front Desk,
Alternate Option
G2.20



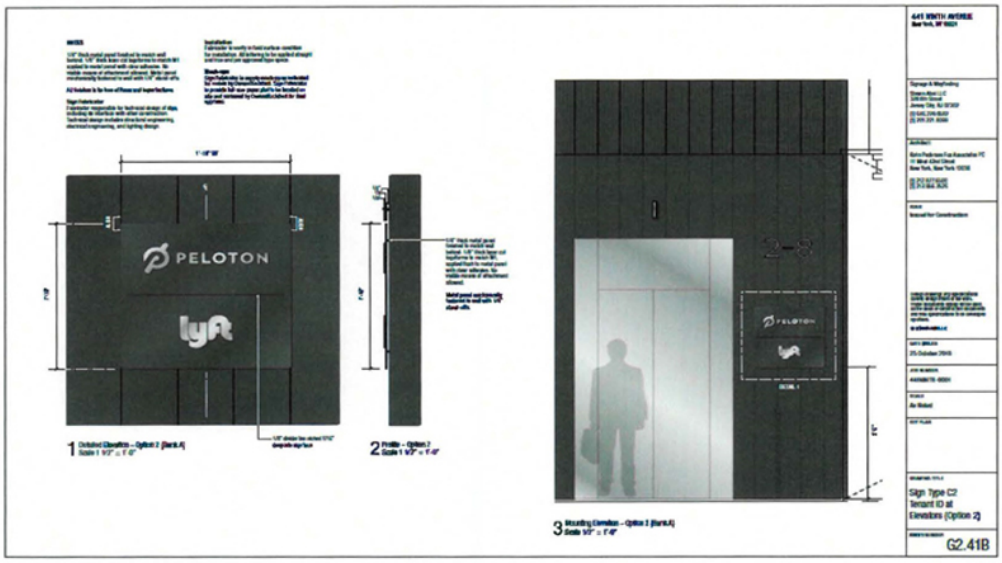
1 Detailed Elevation – Option 1 (Bank B)
Scale 1 1/2" = 1'-0"

2 Profile – Option 1
Scale 1 1/2" = 1'-0"

3 Mounting Elevation – Option 1 (Bank B)
Scale 1/8" = 1'-0"

Sign Type C2
Tenant ID at
Elevators (Option 1)

G2.41


PELOTON
lyft
PELOTON
lyft
Sign Type C2
Tenant ID at
Elevations (Option 2)
G2.41B

- Any Equinox owned brands, including but not limited to, Equinox, Blink, SoulCycle, Pure Yoga, Rumble, Precision Run
- ClassPass
- Flywheel
- Barry’s Bootcamp
- New York Sports Club or any affiliates
- SLT
- LA Fitness
- Chelsea Piers
- KX Life
- Orangetheory Fitness

if to the Company, to:	Peloton Interactive, Inc. 125 West 25th Street, 11th Floor New York, New York 10001 Attention: Hisao Kushi, Chief Legal Officer Email: hisao@onepeloton.com
with a copy to (which shall not constitute notice):	Fenwick & West LLP Attention: James Evans Fax: 206-389-4511 Email: jevans@fenwick.com
if to any Investor, to:	Technology Crossover Ventures 250 Middlefield Road Menlo Park, CA 94025 Attention: General Counsel Email: legal@tcv.com
with a copy to (which shall not constitute notice):	Weil, Gotshal & Manges LLP 201 Redwood Shores Parkway Redwood Shores, CA 94065 Attention: Kyle C. Krpata Email: kyle.krpata@weil.com

COMPANY:

PELOTON INTERACTIVE, INC.

By: /s/ Jill Woodworth
Name: Jill Woodworth
Title: Chief Financial Officer

TCV IX, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, L.P. a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, Ltd. a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV IX (A), L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, L.P. a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, Ltd. a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV IX (B), L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, L.P. a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, Ltd. a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV MEMBER FUND, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, Ltd. a Cayman Islands exempted company,

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV X, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management X, L.P. a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management X, Ltd. a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV X (A), L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management X, L.P. a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management X, Ltd. a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV X (B), L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management X, L.P. a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management X, Ltd. a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV X MEMBER FUND, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management X, Ltd. a Cayman Islands exempted company,

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

Name of Investor	Number of Shares Purchased	Purchase Price Paid by Investor
TCV IX, L.P.		
TCV IX (A), L.P.		
TCV IX (B), L.P.		
TCV Member Fund, L.P.		
TCV X, L.P.		
TCV X (A), L.P.		
TCV X (B), L.P.		
TCV X Member Fund, L.P.		
Total		**$ 50,000,000**

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated August 20, 2019, in this Amendment No. 1 to the Registration Statement (Form S-1 No. 333-233482) and related Prospectus of Peloton Interactive, Inc. for the registration of shares of its common stock.

/s/ Ernst & Young LLP

New York, New York
September 10, 2019